

State of Rhode Island and Providence Plantations

Donald L. Carcieri, Governor

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2002

Prepared By:

Department of Administration

Robert J. Higgins, Director of Administration

Office of Accounts and Control

Lawrence C. Franklin, Jr., CPA, State Controller

**State of Rhode Island and Providence Plantations
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002**

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INTRODUCTORY SECTION



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
OFFICE OF THE DIRECTOR
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October 17, 2003

The Honorable Donald L. Carcieri, Governor
State of Rhode Island
State House
Providence, Rhode Island 02903

Dear Governor Carcieri:

In accordance with Section 35-6-1 of the General Laws, we are pleased to submit to you the Comprehensive Annual Financial Report of the State of Rhode Island and Providence Plantations for the fiscal year ended June 30, 2002. This report was prepared by the State's Department of Administration - Office of Accounts and Control. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with management. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of the government-wide and fund perspective financial statements; and that all disclosures necessary to enable the reader to gain the maximum understanding of the State's financial affairs have been included.

This report has been prepared in accordance with generally accepted accounting principles for governments as promulgated by the Governmental Accounting Standards Board. It is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this letter of transmittal, the organization chart, and a list of officials of State government. The Financial Section includes the Independent Auditor's Report, the basic financial statements, required supplementary information and the combining and individual fund financial statements. The Statistical Section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Management of the State is responsible for establishing and maintaining an internal control structure designed to provide reasonable, but not absolute, assurance that the assets of the State are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting

principles. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Managers in all branches and components of government are required to maintain comprehensive internal control systems, to regularly evaluate the effectiveness and adequacy of these systems by internal reviews, and to submit an annual report on these internal controls to the Governor in accordance with the 1986 Financial Integrity and Accountability Act.

The Governor is required to submit to the General Assembly an executive budget for the General Fund which contains a complete plan of expenditures for the ensuing fiscal year and identifies the anticipated revenues sufficient to meet the proposed expenditures. Preparation and submission of the budget is governed by both the State Constitution and the General Laws of the State.

The budget as proposed by the Governor is considered by the General Assembly which, under State law, may increase, decrease, alter or strike out any items in the budget, provided the General Assembly may not take any action which would cause an excess of expenditures over expected revenues. No appropriation in excess of budget recommendations may be enacted by the General Assembly unless it shall provide the necessary additional revenue to cover such appropriation.

In addition, a State Budget Reserve Account is maintained within the General Fund. Annually, two percent of general revenues and opening surplus are set aside in this reserve account. Amounts in excess of three percent of the total general revenues and opening surplus are transferred to the bond capital fund to be used for capital projects, debt reduction and/or debt service. The reserve or any portion thereof, may be appropriated in the event of an emergency involving the health, safety or welfare of the citizens of the State or in the event of an unanticipated deficit in any given fiscal year, such appropriations to be approved by a majority of each chamber of the General Assembly. The balance in this reserve account at June 30, 2002 was \$82.0 million.

REPORTING ENTITY AND ITS SERVICES

The funds and component units included in this report are those for which the State is accountable, based on criteria for defining the reporting entity prescribed in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. The criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on the organization or (2) the potential for the organization to provide specific financial benefits or impose specific financial burdens on the State. More information about the State reporting entity can be found in Note 1 to the basic financial statements.

The State provides a full range of services contemplated by statute or function. These include education, health and social services, transportation, law, public safety, recreation, public improvements, and comprehensive support.

GENERAL FUND CONDITION

The General Fund accounts for the financing of the principal operations of State government and most jointly financed state-federal programs. Revenues and other sources of the General Fund totaled \$4.094 billion in fiscal year 2002, an increase of \$133 million (3.36%) from the previous year. The revenues from various sources and the change from the previous year are shown in the following tabulation (amounts in thousands):

	2002	2001	Increase (decrease)	
			from 2001	
			Amount	Percent
Taxes:				
Personal income	\$ 808,077	\$ 913,806	\$ (105,729)	-11.57%
Sales and use	888,348	827,453	60,895	7.36%
General business	178,300	235,749	(57,449)	-24.37%
Other	30,406	34,941	(4,535)	-12.98%
Subtotal	<u>1,905,131</u>	<u>2,011,949</u>	<u>(106,818)</u>	<u>-5.31%</u>
Federal grants	1,289,575	1,213,491	76,084	6.27%
Restricted revenues	77,038	77,333	(295)	-0.38%
Licenses, fines, sales, and services	186,927	205,043	(18,116)	-8.84%
Other general revenues	56,438	56,634	(196)	-0.35%
Subtotal	<u>1,609,978</u>	<u>1,552,501</u>	<u>57,477</u>	<u>3.70%</u>
Total revenues	<u>3,515,109</u>	<u>3,564,450</u>	<u>(49,341)</u>	<u>-1.38%</u>
Other sources	579,006	396,488	182,518	46.03%
Total revenue and other sources	<u>\$ 4,094,115</u>	<u>\$ 3,960,938</u>	<u>\$ 133,177</u>	<u>3.36%</u>

Expenditures and other uses totaled \$4.198 billion in fiscal year 2002, an increase of \$284 million (7.25%) from the previous year. Changes in expenditures and other uses by function from fiscal 2001 are shown in the following tabulation (amounts in thousands):

	2002	2001	Increase (decrease)	
			from 2001	
			Amount	Percent
General government	\$ 273,966	\$ 257,505	\$ 16,461	6.39%
Human services	2,103,199	1,944,654	158,545	8.15%
Education	92,035	63,324	28,711	45.34%
Public safety	288,363	279,626	8,737	3.12%
Natural resources	56,220	52,795	3,425	6.49%
Capital outlay	37,153	30,979	6,174	19.93%
Intergovernmental	892,172	848,126	44,046	5.19%
Debt Service:				
Principal	91,576	79,394	12,182	15.34%
Interest	65,558	64,849	709	1.09%
Total expenditures	<u>3,900,242</u>	<u>3,621,252</u>	<u>278,990</u>	7.70%
Other uses	298,220	293,284	4,936	1.68%
Total expenditures and other uses	<u>\$ 4,198,462</u>	<u>\$ 3,914,536</u>	<u>\$ 283,926</u>	7.25%

As a result of the operating performance discussed above, the State’s general fund ended fiscal 2002 with an undesignated fund balance of \$31.039 million.

CASH MANAGEMENT

The General Treasurer is responsible for the deposit of cash receipts and for the payment of sums, as may be required and upon due authorization from the State Controller. Major emphasis is placed by the General Treasurer on cash management in order to insure that there is adequate cash on hand to meet the obligations of the State as they arise.

The General Treasurer is also responsible for the investment of certain funds and accounts of the State on a day-to-day basis. In addition, the General Treasurer is the custodian of certain other funds and accounts and, in conjunction with the State Investment Commission, invests the amounts on deposit in such funds and accounts. The General Treasurer submits an annual report to the General Assembly on the performance of the State’s investments.

AUDIT

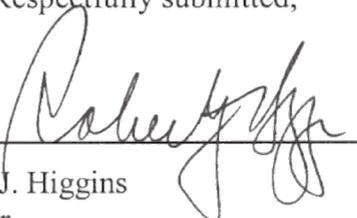
The general-purpose financial statements of the State have been audited by the Auditor General as required by Section 35-7-10 of the General Laws. The Independent Auditor’s Report is included in the Financial Section of this report.

ACKNOWLEDGEMENTS

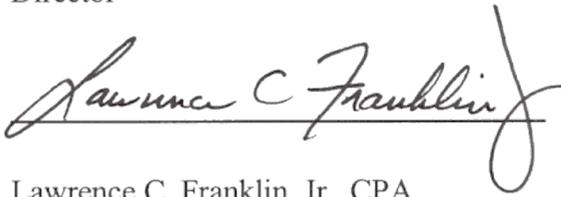
We wish to express our sincere appreciation to the many individuals who assisted and contributed to the preparation of this report. It could not have been accomplished without the professionalism and dedication demonstrated by the entire staff of the Office of Accounts and Control, the Treasury Department, the Office of the Auditor General, and numerous other State

agencies. We also want to thank the Governor and members of the General Assembly for their interest and support in planning and conducting the financial operations of the State in a responsible and progressive manner.

Respectfully submitted,



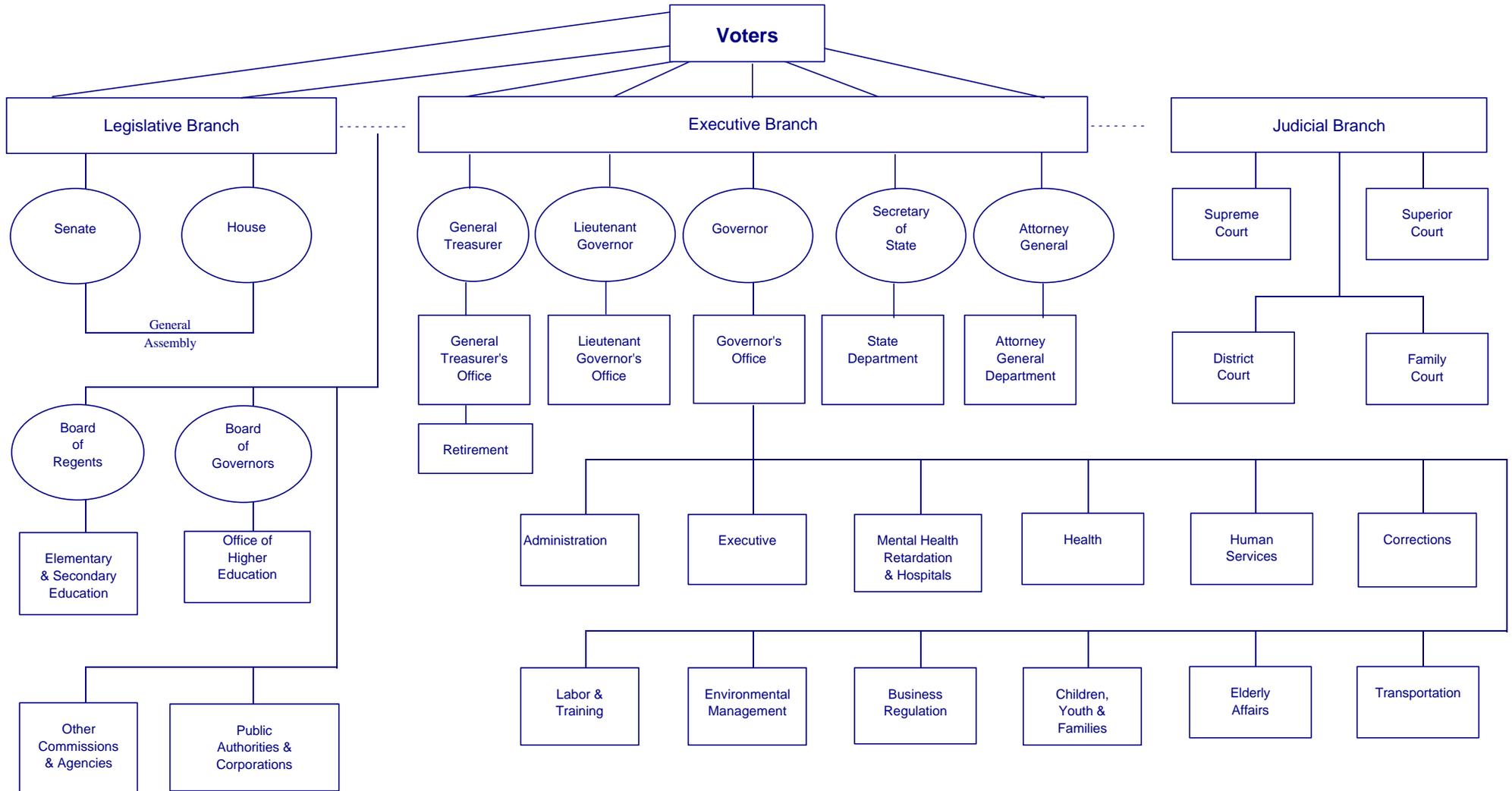
Robert J. Higgins
Director



Lawrence C. Franklin, Jr., CPA
State Controller

Rhode Island State Government

Organization Chart



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

OFFICIALS OF STATE GOVERNMENT

EXECUTIVE BRANCH

Governor

Donald L. Carcieri

Lieutenant Governor

Charles J. Fogarty

Secretary of State

Matthew A. Brown

General Treasurer

Paul J. Tavares

Attorney General

Patrick C. Lynch

LEGISLATIVE BRANCH

Senate

President of the Senate

William V. Irons

House of Representatives

Speaker of the House

William J. Murphy

JUDICIAL BRANCH

Chief Justice of the Supreme Court

Frank W. Williams

FINANCIAL SECTION



ERNEST A. ALMONTE, CPA, CFE
AUDITOR GENERAL
ernest.almonte@oag.ri.gov

STATE OF RHODE ISLAND and PROVIDENCE PLANTATIONS

GENERAL ASSEMBLY

OFFICE of the AUDITOR GENERAL

- ◆ INTEGRITY
- ◆ RELIABILITY
- ◆ INDEPENDENCE
- ◆ ACCOUNTABILITY

INDEPENDENT AUDITOR'S REPORT

Finance Committee of the House of Representatives and
Joint Committee on Legislative Services, General Assembly,
State of Rhode Island and Providence Plantations:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Rhode Island and Providence Plantations (the State) as of and for the year ended June 30, 2002, which collectively comprise the State's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Convention Center Authority enterprise fund; certain component units which represent 99% of the assets and revenues of the discretely presented component units; and 1% of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Convention Center Authority, these component units, and the aggregate remaining fund information, are based solely on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

We were unable to obtain sufficient evidence regarding the completeness of the furniture and equipment, and building improvement categories of capital assets included in the State's basic financial statements at June 30, 2002. The State accumulated information regarding its investment in capital assets for inclusion in the government-wide financial statements at June 30, 2002, however, due to an insufficient number of physical inventories and weaknesses in accounting controls over the accumulation of such data, we were unable to satisfy ourselves as to the completeness of the carrying value of these categories of capital assets and the related depreciation expense by other auditing procedures. The furniture and equipment, and building improvement capital asset categories represent \$159 million or 17% of total governmental activities capital assets of \$927 million at June 30, 2002.

The liability for compensated absences included in the governmental activities section of the government-wide statement of net assets is understated by an undetermined amount because approximately 1,600 employees' accrued hours (representing 13% of total governmental activities employees) are not included within the State's payroll system which is used to determine this liability.

Certain fines and penalties receivable, as assessed by the Judicial branch, are not reported to the State Controller and consequently are not included as revenue and accounts receivable in the accompanying statements for the general fund and the governmental activities section of the government-wide statement of net assets and statement of activities. The effect of this omission on the general fund financial statements and the governmental activities section of the statement of net assets and statement of activities is not reasonably determinable.

Management has not presented encumbrances outstanding at June 30, 2002 as a reserved component of fund balance within the State's major governmental funds and aggregate remaining governmental funds or disclosed such amounts in the notes to the basic financial statements as required by generally accepted accounting principles. The amount by which this departure would affect the reserved and unreserved components of fund balance of the governmental funds is not reasonably determinable.

In our opinion, except for the effects of (1) such adjustments, if any, on the governmental activities included in the government-wide statement of net assets and the related statement of activities as might have been determined to be necessary had we been provided sufficient evidence regarding the completeness of the furniture and equipment, and building improvement components of capital assets, (2) the incomplete recording of the liability for compensated absences within governmental activities, (3) the omission of certain fines and penalties revenue and receivable from the governmental activities section of the statements of net assets and activities and the general fund financial statements, and (4) the omission of encumbrances outstanding at June 30, 2002 as a component of reserved fund balance of the governmental funds, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

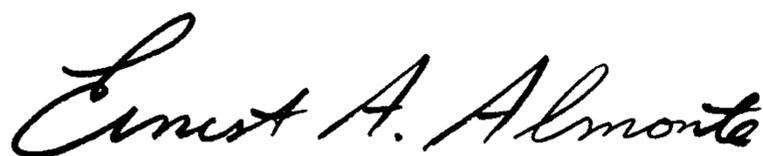
As discussed in Note 1(R), the State has implemented a new financial reporting model as of June 30, 2002, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis–for State and Local Governments*. Additionally, the State has implemented GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. As required by these new standards, the State presents both government-wide

financial statements and fund-level financial statements. Additionally, as provided by Statement No. 34, the State has included only current year outlays for infrastructure as capital assets on the government-wide statement of net assets. Infrastructure outlays from prior years will be included in future financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2003 on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The Schedules of Funding Progress, the major fund budgetary comparison schedules, and the Management's Discussion and Analysis as listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The combining and individual non-major fund statements, and combining statements for discretely presented component units as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund statements and combining statements for discretely presented component units have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections and, accordingly, express no opinion thereon.



Ernest A. Almonte, CPA, CFE
Auditor General

October 17, 2003

Management's Discussion and Analysis

The following is a discussion and analysis of the financial activities of the State of Rhode Island and Providence Plantations (the State) for the fiscal year ended June 30, 2002. Readers are encouraged to consider the information presented here in conjunction with the letter of transmittal, which can be found at the front of this report, and with the State's financial statements, which follow this section.

Fiscal year 2002 represents the first year in which the State is required to implement the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. Therefore, this discussion and analysis provides few comparisons with the previous fiscal year. Future reports are required to include extensive comparisons.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-wide Highlights

- **Net Assets** The total assets of the State exceeded total liabilities at fiscal year ended June 30, 2002 by \$701.3 million. This amount is presented as "net assets" on the Statement of Net Assets for the Total Primary Government. Of this amount, (\$122.8) million was reported as unrestricted net assets, \$537.4 million was restricted net assets, and \$286.7 million was invested in capital assets net of related debt.
- **Changes in Net Assets** The State's total net assets increased by \$346.0 million, or 97.4%, in fiscal year 2002. Net assets of governmental activities increased by \$367.8 million, 482.4%, while net assets of the business-type activities showed a decrease of \$21.8 million.

Fund Highlights

- **Governmental Funds - Fund Balances** As of the close of fiscal year 2002, the State's governmental funds reported a combined ending fund balance of \$514.0 million, a decrease of \$40.8 million in comparison with the previous fiscal year. Included in the combined governmental fund balance is the activity of the State's General Fund. The General Fund ended the fiscal year with an unreserved, undesignated balance of \$31.0 million and the Budget Reserve Account ended the fiscal year with a balance of \$82.0 million.
- **Sale of rights to future tobacco settlement revenues** The State sold its rights to future tobacco settlement revenues to the Tobacco Settlement Financing Corporation for \$544 million. Of this amount \$295 million was used to defease long term debt and \$135 million was used to support general fund operations during fiscal 2002.

Management's Discussion and Analysis

Long-term Debt Highlights

- The State's long-term debt obligations (bonds and certificates of participation) decreased by \$233.5 million during the current fiscal year which represents the net difference between new issuances, payments and refundings of outstanding debt. The key factor contributing to this decrease was the defeasance during the fiscal year of \$277 million of bonds and certificates of participation. This defeasance was accomplished with the proceeds of the sale of the rights to future tobacco settlement revenues as described above.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements include three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the State's finances. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's financial condition at the end of the year. They are prepared using the accrual basis of accounting, which recognizes all revenues and grants when earned and expenses at the time the related liabilities are incurred.

- The **Statement of Net Assets** presents all of the government's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in the government's net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.
- The **Statement of Activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods; for example, uncollected taxes and earned but unused vacation leave. This statement also presents a comparison between direct expenses and program revenues for each function of the government.

Management's Discussion and Analysis

Both of the government-wide financial statements have separate sections for three different types of government activities:

- **Governmental Activities:** The activities in this section represent most of the State's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the State include general government, human services, education, public safety, natural resources, and transportation.
- **Business-type Activities:** These activities are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the State include the operations of the Lottery Commission, RI Convention Center Authority and the Employment Security Trust Fund.
- **Discretely Presented Component Units:** Component units are entities that are legally separate from the State, but for which the State is financially accountable. The State has 21 discretely presented component units. Financial information for these entities is presented separately from the financial information presented for the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the individual parts of the State government, and report the State's operations in more detail than the government-wide financial statements. The State's funds are divided into three categories: governmental, proprietary and fiduciary.

- **Governmental funds:** Most of the State's basic services are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on spendable resources available at the end of the fiscal year. Such information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the State's near-term financial decisions. Both the governmental fund statement of net assets and the governmental fund statement of revenues, expenditures and changes in fund net assets provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities.

Management's Discussion and Analysis

Governmental funds include the General Fund and special revenue, capital projects, debt service and permanent funds. The State has several governmental funds, of which four are considered major individual funds. Those are the General Fund, the Intermodal Surface Transportation Fund, the Tobacco Settlement Trust Fund, and the Bond Capital Fund. Each of these major funds are presented in a separate column in the governmental fund statement of net assets and in the governmental statement of revenues, expenditures and changes in fund net assets. The remaining governmental funds are combined in a single aggregated column on the basic fund statements. Individual fund data for each of these nonmajor governmental funds can be found in the supplementary information section of this report.

- **Proprietary funds:** Services for which the State charges customers a fee are generally reported in proprietary funds. The State maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds report activities that provide supplies and services to the general public. Internal service funds report activities that provide supplies and services for the State's other programs and activities. Like the government-wide statements, proprietary funds use the accrual basis of accounting. The State has three enterprise funds, the Lottery Fund, Convention Center Authority Fund and the Employment Security Trust Fund. These funds are each presented in separate columns on the basic proprietary fund financial statements. The State's internal service funds are reported as governmental activities on the government-wide statements, because the services they provide predominantly benefit governmental activities. The State's fourteen (14) internal service funds are reported on the basic proprietary fund financial statements in a single combined column. Individual fund data for these funds is provided in the form of combining statements and can be found in the supplementary information section of this report.
- **Fiduciary funds:** These funds are used to account resources held for the benefit of parties outside the State government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the State's programs. These funds, which include the pension trust, private-purpose trust and agency funds, are reported using accrual accounting. Individual fund data for fiduciary funds can be found in the supplementary information section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component units' financial statements.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information, including information concerning the State's progress in funding its

Management's Discussion and Analysis

obligation to provide pension benefits to its employees. This section also includes a budgetary comparison schedule for each of the State's major funds that have a legally-mandated budget.

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental internal service and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (governmental and business-type activities) totaled \$701.3 million at the end of fiscal year 2002, compared to \$355.3 million at the end of the prior fiscal year.

A portion of the State's net assets reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, and other immovable assets) less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources.

Management's Discussion and Analysis

State of Rhode Island's Net Assets as of June 30, 2002 (Expressed in Thousands)			
	Governmental Activities	Business- Type Activities	Total Primary Government
Current and other assets	\$ 982,314	\$ 365,997	\$ 1,348,311
Capital assets	927,313	209,022	1,136,335
Total assets	1,909,627	575,019	2,484,646
Long-term liabilities outstanding	925,892	286,930	1,212,822
Other liabilities	539,639	30,836	570,475
Total liabilities	1,465,531	317,766	1,783,297
Net assets:			
Invested in capital assets, net of related debt	371,614	(84,909)	286,705
Restricted	196,913	340,512	537,425
Unrestricted	(124,431)	1,650	(122,781)
Total net assets	\$ 444,096	\$ 257,253	\$ 701,349

An additional portion of the State's net assets represents resources that are subject to external restrictions on how they may be used

Changes in Net Assets

The State's net assets increased by \$346.0 million, or 97.3%, during the current fiscal year. Total revenues of \$6.1 billion (including special items) were more than expenses (\$5.7) billion. Approximately 35.6% of the State's total revenue came from taxes, while 25.3% resulted from grants and contributions (including federal aid). Charges for various goods and services provided 27.1% of the total revenues. The State's expenses covered a range of services. The largest expenses were for human services (36.8%) and intergovernmental (15.6%) In 2002, governmental activity expenses exceeded program revenues, which resulted in the use of \$2.71 billion in general revenues (mostly taxes). On the other hand, net program revenues from business-type activities in 2002 exceeded expenses by \$148.4 million.

Management's Discussion and Analysis

State of Rhode Island's Changes in Net Assets			
For the Fiscal Year Ended June 30, 2002			
(Expressed in Thousands)			
	Governmental Activities	Business- Type Activities	Total Primary Government
Revenues:			
Program revenues:			
Charges for services	\$ 306,007	\$ 1,345,922	\$ 1,651,929
Operating grants and contributions	1,315,974	50,656	1,366,630
Capital grants and contributions	176,071		176,071
General revenues:			
Taxes	2,187,342		2,187,342
Interest	10,005	21,134	31,139
Other	153,947	7,615	161,562
Total revenues	4,149,346	1,425,327	5,574,673
Expenses:			
General government	455,489		455,489
Human services	2,115,220		2,115,220
Education	339,455		339,455
Public safety	288,291		288,291
Natural resources	138,287		138,287
Transportation	192,824		192,824
Intergovernmental	896,512		896,512
Grants	287		287
Interest	79,381		79,381
Lottery		958,626	958,626
Convention Center		57,900	57,900
Employment insurance		231,665	231,665
	4,505,746	1,248,191	5,753,937
Increase in net assets before transfers and special items	(356,400)	177,136	(179,264)
Transfers	198,969	(198,969)	0
Special items	525,276		525,276
Increase in net assets	367,845	(21,833)	346,012
Net assets - July 1, 2001	76,251	279,086	355,337
Net assets - June 30, 2002	\$ 444,096	\$ 257,253	\$ 701,349

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the State's net resources available for spending at the end of the fiscal year.

Management's Discussion and Analysis

As of the end of the current fiscal year, the State's governmental funds reported a combined ending fund balance of \$514.1 million, a decrease of \$40.9 million. Reserved fund balances are not available for new spending because they have already been committed as follows: (1) \$82.0 million for a "rainy day" account, (2) \$50.7 million for continuing appropriations and (3) \$20.9 million principally to liquidate debt. Approximately 70.1% (\$360.4 million) of the ending fund balance is designated by the State's management consistent with the limitations of each fund.

The major governmental funds of the primary government are:

General Fund. The General Fund is the chief operating fund of the State. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$31.1 million, while total fund balance was \$163.8 million. As a measurement of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represent less than 1% of total General Fund expenditures, while total fund balance represent 4% of the same amount.

The General Fund's total fund balance decreased by \$104.3 million during the current fiscal year. This decrease can be attributed to a draw down of opening fund balance and significant decrease in tax revenues, due in large part to the effects of a sluggish economy.

Intermodal Surface Transportation Fund. The Intermodal Surface Transportation Fund (ISTEA) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used in maintenance, upgrading, and construction of the State's highway system. At the end of the current fiscal year, unreserved fund balance of the ISTEA fund was \$32.0 million, while the total fund balance was \$33.3 million. Total fund balance of the ISTEA fund decreased by a nominal \$.7 million during the current fiscal year.

Tobacco Settlement Trust Fund. The Tobacco Settlement Trust Fund (TSTF) accounts for the proceeds from the sale of the rights to future tobacco settlement revenues by the State to the Tobacco Settlement Finance Corporation. At the end of the current fiscal year, unreserved fund balance of the TSTF was \$113.9 million. This was the first year of operation for the TSTF.

Bond Capital Fund. The Bond Capital Fund (BCF) accounts for the proceeds of the bonds issued and the related capital expenditures not required to be accounted for in another capital projects fund. At the end of the current fiscal year, unreserved fund balance of the BCF fund was \$58.3 million. Fund balance of the BCF decreased by \$37.7 million during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2002, the original budget was amended by supplemental appropriations and was modified to accommodate declining tax revenues. Differences between the original budget and the final enacted budget can be briefly summarized as follows:

- Decrease in taxes of \$165 million, with significant changes in personal income tax (decreased by \$141 million) and business corporations tax (decreased by \$50 million);
- Transfer of \$135 million from the Tobacco Settlement Trust Fund for general use;
- Increase of amount transferred from the Lottery Fund by \$23.8 million; and

Management's Discussion and Analysis

- Net general revenue appropriations increased by \$9.6 million, including a \$16.8 million supplemental appropriation for the Department of Human Services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The State's investment in capital assets for its governmental and business-type activities as of June 30, 2002, amounts to \$1.1 billion, net of accumulated depreciation of \$395 million. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. The total increase in the State's investment in capital assets for the current fiscal year was about 16.4% in terms of net book value. In accordance with GASB 34, the State has not recorded its investment in infrastructure prior to July 1, 2001. Such amounts will be included in future financial statements.

Actual expenditures to purchase or construct capital assets were \$208.2 million for the year. Of this amount, \$118.2 million was used to construct or reconstruct roads. Depreciation charges for the year totaled \$45 million.

State of Rhode Island's Capital Assets as of June 30, 2002 (Expressed in Thousands)			
	Governmental Activities	Business- Type Activities	Total Primary Government
Capital assets not being depreciated			
Land	\$ 373,185	\$ 38,032	\$ 411,217
Construction in progress	31,653	1,336	32,989
Total capital assets not being depreciated	404,838	39,368	444,206
Capital assets being depreciated			
Land improvements	3,209		3,209
Buildings	369,453	227,336	596,789
Buildings improvements	206,929		206,929
Equipment	143,716	18,466	162,182
Infrastructure	118,277		118,277
	841,584	245,802	1,087,386
Less: Accumulated depreciation	(319,109)	(76,148)	(395,257)
Total capital assets being depreciated	522,475	169,654	692,129
Total capital assets (net)	\$ 927,313	\$ 209,022	\$ 1,136,335

Additional information on the State's capital assets can be found in the notes to the financial statements of this report.

Debt Administration. Under the State's Constitution, the General Assembly has no power to incur State debts in excess of \$50,000 without the consent of the people (voters), except in the

Management's Discussion and Analysis

case of war, insurrection or invasion, or to pledge the faith of the State to the payment of obligations of others without such consent. At the end of the current fiscal year, the State's governmental activities had total bonded debt outstanding of \$820.6 million. The State's total bonded debt decreased by \$388.7 million (20%) during the current fiscal year. The key factor in this decrease was a cash defeasance of \$242.9 million that was funded by the proceeds from the sale of the rights to future tobacco settlement revenues. Additionally, the State has extended its credit through contractual agreements of a long-term nature which are subject to annual appropriations.

During the current fiscal year, the State issued \$135.4 million of general obligation bonds and \$39.8 of general obligation refunding bonds. These bonds have been assigned ratings by Fitch, Inc. (Fitch), Moody's Investors Service (Moody's) and Standard and Poor's Rating Services (Standard and Poor's). For the portion of the bonds that are insured, the ratings assigned by Fitch, Moody's, and Standard and Poor's are AAA, Aaa, and AAA, respectively. The ratings assigned by Fitch, Moody's, and Standard and Poor's to the bonds that are not insured are AA, Aa3, and AA-, respectively.

The State does not have any debt limitation. Bonds authorized by the voters, that remain unissued as of the end of the current fiscal year, amounted to \$183.1 million. Additional information on the State's long-term debt can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS

The State's economy was one of only two economies in the northeastern United States that did not experience a downturn in employment growth from 2000 - 2002. This record of economic performance gives the State an unprecedented opportunity to further its economic development without having to first repair the damage from the national economic recession.

As of September 2003, year-over-year growth in the State's total employment, not seasonally adjusted, was 0.2% compared to a negative growth rate of -0.4% for the nation as a whole. With respect to year-over-year growth in personal income, in the second quarter of 2003, the State's personal income growth was 3.1%, compared to the United States as a whole's rate of 2.8%. Finally, the State's unemployment rate for September 2003 was 4.5% compared to 6.1% for the nation as a whole.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Rhode Island's finances for all those with an interest in the State's finances. Questions concerning any of the information provided in this report or requests for additional information should be sent to finreport@mail.state.ri.us.

BASIC FINANCIAL STATEMENTS

State of Rhode Island and Providence Plantations
Statement of Net Assets
June 30, 2002
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental activities	Business - Type Activities	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 500,192	\$ 22,261	\$ 522,453	\$ 525,279
Funds on deposit with fiscal agent	24,431	277,188	301,619	
Investments	17,008	691	17,699	950,247
Receivables (net)	251,320	43,338	294,658	1,343,153
Due from primary government				4,476
Due from component units	5,215		5,215	
Internal balances	3,862	(3,862)		
Due from other governments and agencies	150,242	1,818	152,060	14,060
Inventories	2,303	886	3,189	6,635
Other assets	3,349	1,336	4,685	606,190
Total current assets	957,922	343,656	1,301,578	3,450,040
Noncurrent assets:				
Investments		17,494	17,494	91,208
Receivables (net)	1,022		1,022	909,636
Due from component units	23,361		23,361	
Capital assets - nondepreciable	404,838	39,368	444,206	282,397
Capital assets - depreciable (net)	522,475	169,654	692,129	858,842
Lease receivable				6,345
Other assets	9	4,847	4,856	164,709
Total noncurrent assets	951,705	231,363	1,183,068	2,313,137
Total assets	1,909,627	575,019	2,484,646	5,763,177
Liabilities				
Current Liabilities:				
Cash overdraft	4,525	212	4,737	373
Accounts payable	322,838	11,154	333,992	81,412
Due to primary government				2,793
Due to component units	4,476		4,476	
Due to other governments and agencies	2,430	1,563	3,993	2,112
Accrued expenses	58,433	3,737	62,170	64,479
Deferred revenue	11,854	854	12,708	16,204
Other current liabilities	32,668	425	33,093	7,765
Current portion of long-term debt	102,415	7,228	109,643	148,019
Obligation for unpaid prize awards		5,663	5,663	
Total current liabilities	539,639	30,836	570,475	323,157
Noncurrent Liabilities:				
Due to primary government				647
Due to other governments and agencies				4,486
Accrued liabilities				32,976
Deferred revenue				1,080
Notes payable				6,468
Loans payable				73,085
Obligations under capital lease	109,769		109,769	47,582
Compensated absences	19,430		19,430	22,519
Bonds payable	778,691	286,610	1,065,301	3,547,652
Other liabilities	18,002	320	18,322	307,025
Total noncurrent liabilities	925,892	286,930	1,212,822	4,043,520
Total liabilities	1,465,531	317,766	1,783,297	4,366,677
Net Assets				
Invested in capital assets, net of related debt	371,614	(84,909)	286,705	682,295
Restricted for:				
Budget Reserve	82,024		82,024	
State infrastructure bank	1,343		1,343	
Debt	19,544	28,194	47,738	568,763
Employment Insurance Programs	94,002	312,318	406,320	
Unrestricted	(124,431)	1,650	(122,781)	145,442
Total net assets	\$ 444,096	\$ 257,253	\$ 701,349	\$ 1,396,500

State of Rhode Island and Providence Plantations
Statement of Activities
For the Year Ended June 30, 2002
(Expressed in Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating grants and contributions	Capital grants and contributions	Primary Government		Totals	
					Governmental Activities	Business-type activities		
Primary government:								
Governmental activities:								
General government	\$ 455,489	\$ 140,869	\$ 64,412	\$ 484	\$ (249,724)	\$	\$ (249,724)	\$
Human services	2,115,220	98,789	1,074,576		(941,855)		(941,855)	
Education	339,455	2,744	111,618		(225,093)		(225,093)	
Public safety	288,291	30,230	22,476		(235,585)		(235,585)	
Natural resources	138,287	30,573	12,590	3,941	(91,183)		(91,183)	
Transportation	192,824	2,802	30,302	171,646	11,926		11,926	
Intergovernmental	896,512				(896,512)		(896,512)	
Grants	287				(287)		(287)	
Interest and other charges	79,381				(79,381)		(79,381)	
Total governmental activities	<u>4,505,746</u>	<u>306,007</u>	<u>1,315,974</u>	<u>176,071</u>	<u>(2,707,694)</u>		<u>(2,707,694)</u>	
Business-type activities:								
State lottery	958,626	1,170,860				212,234	212,234	
Convention Center	57,900	39,291				(18,609)	(18,609)	
Employment security	231,665	135,771	50,656			(45,238)	(45,238)	
Total business-type activities	<u>1,248,191</u>	<u>1,345,922</u>	<u>50,656</u>			<u>148,387</u>	<u>148,387</u>	
Total primary government	<u>\$ 5,753,937</u>	<u>\$ 1,651,929</u>	<u>\$ 1,366,630</u>	<u>\$ 176,071</u>	<u>(2,707,694)</u>	<u>148,387</u>	<u>(2,559,307)</u>	
Component units	<u>\$ 925,070</u>	<u>\$ 629,259</u>	<u>\$ 343,134</u>	<u>\$ 86,064</u>				133,387
General Revenues:								
Taxes					2,187,342		2,187,342	
Interest and investment earnings					10,005	21,134	31,139	47,805
Miscellaneous					153,947	7,615	161,562	(218)
Special items					525,276		525,276	(2,790)
Transfers					198,969	(198,969)		
Total general revenues, special items, and transfers					<u>3,075,539</u>	<u>(170,220)</u>	<u>2,905,319</u>	<u>44,797</u>
Change in net assets					367,845	(21,833)	346,012	178,184
Net assets - beginning					76,251	279,086	355,337	1,218,316
Net assets - ending					<u>\$ 444,096</u>	<u>\$ 257,253</u>	<u>\$ 701,349</u>	<u>\$ 1,396,500</u>

Major Funds

Governmental

General Fund – is the operating fund of the State and is used to account for all financial transactions except those required to be accounted for in another fund,

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes and where a separate fund is mandated

Intermodal Surface Transportation Fund – accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used in maintenance, upgrading, and construction of the state’s highway system.

Tobacco Settlement Trust Fund – accounts for the proceeds from the sale of the tobacco securitization by the State to the Tobacco Settlement Finance Corporation.

Capital Project Funds - account for resources obtained and used for the acquisition, construction or improvement of capital facilities not reported in other governmental or proprietary funds

Bond Capital – accounts for the proceeds of the bonds issued and the related capital expenditures not required to be accounted for in another capital projects fund.

Proprietary

Enterprise Funds - account for operations where management has decided that periodic determination of revenues earned, expenses incurred (including depreciation), and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

State Lottery Fund - operates lottery games for the purpose of generating resources for the State’s General Fund.

Rhode Island Convention Center Authority - created in 1987 to facilitate the construction and development of a convention center, parking garages and related facilities within the City of Providence on behalf of the State..

Employment Security – accounts for the state’s unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

State of Rhode Island and Providence Plantations
Balance Sheet
Governmental Funds
June 30, 2002
(Expressed in Thousands)

	General	Intermodal Surface Transportation	Bond Capital	Tobacco Settlement Trust	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 193,870	\$ 9,503	\$ 100,590	\$ 113,938	\$ 73,314	\$ 491,215
Funds on deposit with fiscal agent					24,431	24,431
Investments					17,008	17,008
Receivables (net)	196,134	11,365			39,620	247,119
Due from other funds	26,810	15,499	4		733	43,046
Due from component units	1,646	1,147				2,793
Due from other governments and agencies	117,788	28,358	4,095			150,241
Loans to other funds	5,791					5,791
Other assets	77	68			2,727	2,872
Total assets	542,116	65,940	104,689	113,938	157,833	984,516
Liabilities and Fund Balances						
Liabilities						
Accounts payable	285,817	20,677	9,158		1,234	316,886
Due to other funds	2,958		35,564		7,032	45,554
Due to component units	1,818	2,628	29			4,475
Due to other governments and agencies		2,431				2,431
Loans from other funds			1,458		1,523	2,981
Accrued expenses	43,172					43,172
Deferred revenue	17,176	5,043	66			22,285
Other liabilities	27,375	1,796	59		3,438	32,668
Total liabilities	378,316	32,575	46,334		13,227	470,452
Fund Balances						
Reserved for:						
Budget reserve	82,024					82,024
Appropriations carried forward	50,737					50,737
Debt					19,544	19,544
State infrastructure bank		1,343				1,343
Unreserved, reported in:						
General fund	31,039					31,039
Special revenue funds		32,022		113,938	95,501	241,461
Capital projects funds			58,355		28,775	87,130
Permanent fund					786	786
Total fund balances	163,800	33,365	58,355	113,938	144,606	514,064
Total liabilities and fund balances	\$ 542,116	\$ 65,940	\$ 104,689	\$ 113,938	\$ 157,833	\$ 984,516

State of Rhode Island and Providence Plantations
 Reconciliation of the Balance Sheet of the Governmental Funds
 to Statement of Net Assets for Governmental Activities
 June 30, 2002
 (Expressed in Thousands)

Fund Balance of Governmental Funds	\$	514,064
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital Assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		923,392
Bond, notes, certificates of participation, and accrued interest are not due and payable in the current period and therefore are not recorded in the governmental funds.		(1,040,255)
Long-term receivables from component units that are not available to pay for current-period expenditures and therefore are not recorded in the fund financial statements.		25,783
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		10,439
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net assets of the internal service funds is reported with governmental activities.		10,673
Net Assets - Governmental Activities	\$	444,096

State of Rhode Island and Providence Plantations
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002
(Expressed in Thousands)

	General	Intermodal Surface Transportation	Bond Capital	Tobacco Settlement Trust	Other Governmental Funds	Total Governmental Funds
Operating revenues:						
Taxes	\$ 1,905,131	\$ 130,000	\$	\$	\$ 146,825	\$ 2,181,956
Licenses, fines, sales, and services	186,927				11,810	198,737
Departmental restricted revenue	77,038	2,802				79,840
Federal grants	1,289,575	190,294	7,257			1,487,126
Income from investments	1,092	339	3,525		4,676	9,632
Net increase in the fair value of investments					182	182
Other revenues	55,346	970	3,698		674	60,688
Total operating revenues	3,515,109	324,405	14,480		164,167	4,018,161
Operating expenditures:						
Current:						
General government	273,966				154,918	428,884
Human services	2,103,198					2,103,198
Education	92,035					92,035
Public safety	288,363					288,363
Natural resources	56,220		3,698		4,650	64,568
Transportation		122,208				122,208
Capital outlays	37,153	133,548	24,929		8,099	203,729
Intergovernmental	892,172	832	3,453		56	896,513
Grants			287			287
Debt service:						
Principal	91,576					91,576
Interest and other charges	65,557				8,527	74,084
Total operating expenditures	3,900,240	256,588	32,367		176,250	4,365,445
Operating income (loss)	(385,131)	67,817	(17,887)		(12,083)	(347,284)
Nonoperating revenues (expenses)						
Bonds and notes issued			174,000		1,205	175,205
Premium and accrued interest			6,069		46	6,115
Operating transfers in	469,143	44,861	52,348		3,250	569,602
Operating transfers in from component units	26,721					26,721
Other	83,142					83,142
Payment to refunded bonds escrow agent			(40,239)	(295,300)		(335,539)
Operating transfers out	(72,567)	(50,872)	(100,502)	(135,000)	(1,602)	(360,543)
Operating transfers out to component units	(225,653)	(62,543)	(111,463)		(2,850)	(402,509)
Total nonoperating revenues (expenses)	280,786	(68,554)	(19,787)	(430,300)	49	(237,806)
Special item				544,238		544,238
Change in fund balances	(104,345)	(737)	(37,674)	113,938	(12,034)	(40,852)
Fund balances - beginning	268,145	34,102	96,029		156,640	554,916
Fund balances - ending	\$ 163,800	\$ 33,365	\$ 58,355	\$ 113,938	\$ 144,606	\$ 514,064

State of Rhode Island and Providence Plantations
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2002
 (Expressed in Thousands)

Change in Fund Balance - Governmental Funds	\$	(40,852)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Current year acquisitions are therefore deducted from expenses on the Statement of Activities, less current year depreciation expense and revenue resulting from current year disposals.		166,266
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Bond, notes, and certificates of participation proceeds provide current financial resources to governmental funds by issuing debt which increases long-term debt in the Statement of Net Assets. Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		229,249
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Revenues in the Statement of Activities do not provide current financial resources and are therefore recorded as deferred revenue in the Governmental Funds Balance Sheet		10,439
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental		2,743
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Change in Net Assets - Governmental Activities	\$	367,845
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State of Rhode Island and Providence Plantations
Statement of Net Assets
Proprietary Funds
June 30, 2002
(Expressed in Thousands)

	Business-type Activities-- Enterprise Funds			Governmental Activities	
	R.I. State Lottery	R.I. Convention Center	Employment Security	Totals	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 6,600	\$ 14,246	\$ 1,415	\$ 22,261	\$ 8,977
Funds on deposit with fiscal agent			277,188	277,188	
Investments	691			691	
Receivables (net)	7,594	2,223	33,521	43,338	4,201
Due from other funds					9,794
Due from other governments and agencies			1,818	1,818	
Inventories	886			886	2,304
Other assets	459	877		1,336	476
Total current assets	<u>16,230</u>	<u>17,346</u>	<u>313,942</u>	<u>347,518</u>	<u>25,752</u>
Noncurrent assets:					
Investments	320	17,174		17,494	
Capital assets - nondepreciable	751	38,617		39,368	
Capital assets - depreciable (net)	530	169,124		169,654	3,921
Other assets		4,847		4,847	1,022
Total noncurrent assets	<u>1,601</u>	<u>229,762</u>		<u>231,363</u>	<u>4,943</u>
Total assets	<u>17,831</u>	<u>247,108</u>	<u>313,942</u>	<u>578,881</u>	<u>30,695</u>
Liabilities					
Current Liabilities					
Cash overdraft	212			212	4,525
Accounts payable	8,877	2,277		11,154	5,953
Due to primary government					
Due to other funds	2,142	1,659	61	3,862	3,424
Due to component units					
Due to other governments and agencies			1,563	1,563	
Loans from other funds					2,810
Accrued expenses		3,737		3,737	
Deferred revenue	157	697		854	
Other current liabilities	425			425	2,044
Notes payable		1,153		1,153	
Bonds payable		6,075		6,075	
Obligations under capital lease					112
Obligation for unpaid prize awards	5,663			5,663	
Total current liabilities	<u>17,476</u>	<u>15,598</u>	<u>1,624</u>	<u>34,698</u>	<u>18,868</u>
Noncurrent Liabilities					
Obligations under capital lease					1,156
Bonds payable		286,610		286,610	
Notes payable					
Compensated absences					
Obligation for unpaid prize awards	320			320	
Total noncurrent liabilities	<u>320</u>	<u>286,610</u>		<u>286,930</u>	<u>1,156</u>
Total liabilities	<u>17,796</u>	<u>302,208</u>	<u>1,624</u>	<u>321,628</u>	<u>20,024</u>
Net Assets					
Invested in capital assets, net of related debt	35	(84,944)		(84,909)	2,423
Restricted for:					
Capital Projects					348
Debt		28,194		28,194	
Employment Insurance Programs			312,318	312,318	
Unrestricted		1,650		1,650	7,900
Total net assets	<u>\$ 35</u>	<u>\$ (55,100)</u>	<u>\$ 312,318</u>	<u>\$ 257,253</u>	<u>\$ 10,671</u>

State of Rhode Island and Providence Plantations
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2002
(Expressed in Thousands)

	Business-type Activities-- Enterprise Funds			Totals	Governmental Activities
	R.I. State Lottery	R.I. Convention Center	Employment Security		Internal Service Funds
Operating revenues:					
Charges for services	\$ 1,170,860	\$ 38,686	\$ 134,468	\$ 1,344,014	\$ 98,901
Grants			50,656	50,656	
Miscellaneous		605	1,303	1,908	
Total operating revenues	1,170,860	39,291	186,427	1,396,578	98,901
Operating expenses:					
Personal services	3,194	14,727		17,921	13,196
Supplies, materials, and services	161,667	16,056		177,723	82,008
Prize awards	793,540			793,540	
Depreciation	225	9,584		9,809	756
Benefits Paid			225,641	225,641	
Total operating expenses	958,626	40,367	225,641	1,224,634	95,960
Operating income (loss)	212,234	(1,076)	(39,214)	171,944	2,941
Nonoperating revenues (expenses):					
Interest revenue	1,973	1,327	17,834	21,134	22
Other nonoperating revenue			7,615	7,615	
Interest expense		(17,533)		(17,533)	(76)
Other nonoperating expenses			(6,024)	(6,024)	
Total nonoperating revenue (expenses)	1,973	(16,206)	19,425	5,192	(54)
Net income (loss) before transfers	214,207	(17,282)	(19,789)	177,136	2,887
Transfers in		16,969		16,969	
Transfers out	(214,279)	(1,659)		(215,938)	(143)
Change in net assets	(72)	(1,972)	(19,789)	(21,833)	2,744
Total net assets - beginning	107	(53,128)	332,107	279,086	7,927
Total net assets - ending	\$ 35	\$ (55,100)	\$ 312,318	\$ 257,253	\$ 10,671

State of Rhode Island and Providence Plantations
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2002
(Expressed in Thousands)

	Business-type Activities-- Enterprise Funds			Governmental Activities	
	R.I.			Internal Service Funds	
	R.I. State Lottery	Convention Center	Employment Security		Totals
Cash flows from operating activities:					
Cash received from customers	\$ 1,177,258	\$ 38,899	\$ 138,285	\$ 1,354,442	\$ 50,807
Cash received from grants			22,917	22,917	
Cash payments to suppliers for goods and services	(3,368)	(15,208)		(18,576)	(78,492)
Cash payments to employees for services	(3,401)	(14,312)		(17,713)	(18,749)
Cash payments to prize winners	(799,985)			(799,985)	
Cash payments for commissions	(155,333)			(155,333)	
Cash payments for benefits			(225,608)	(225,608)	
Other operating revenue (expense)			479	479	(173)
Net cash provided by (used for) operating activities	215,171	9,379	(63,927)	160,623	(46,607)
Cash flows from noncapital financing activities:					
Loans from other funds					72,755
Loans to other funds					18,420
Repayment of loans to other funds					(42,794)
Operating transfers in		16,393	202,004	218,397	
Operating transfers out	(213,444)	(1,659)	(138,991)	(354,094)	
Negative cash balance implicitly financed	(221)			(221)	4,525
Other			1,006	1,006	
Net cash provided by (used for) noncapital financing activities	(213,665)	14,734	64,019	(134,912)	52,906
Cash flows from capital and related financing activities:					
Principal paid on capital obligations		(7,640)		(7,640)	(348)
Interest paid on capital obligations		(15,278)		(15,278)	(76)
Acquisition of capital assets	(1,064)	(3,356)		(4,420)	(215)
Proceeds from the disposition of capital assets					154
Proceeds from bonds		2,596		2,596	
Net cash provided by (used for) capital and related financing activities	(1,064)	(23,678)		(24,742)	(485)
Cash flows from investing activities:					
Proceeds from sale and maturity of investments	902	4,244		5,146	
Interest on investments	457	1,365		1,822	22
Net cash provided by (used for) investing activities	1,359	5,609		6,968	22
Net increase (decrease) in cash and cash equivalents	1,801	6,044	92	7,937	5,836
Cash and cash equivalents, July 1, 2001	4,799	8,202	1,323	14,324	3,141
Cash and cash equivalents, June 30, 2002	\$ 6,600	\$ 14,246	\$ 1,415	\$ 22,261	\$ 8,977
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	212,234	(1,076)	(39,214)	171,944	2,941
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	225	9,584		9,809	756
Other revenue (expense)					
Net changes in assets and liabilities:					
Receivables, net	(1,588)	(360)	2,933	985	(153,422)
Operating revenue deposited directly with the fiscal agent			(27,717)	(27,717)	
Inventory	(150)			(150)	(4)
Prepaid items	16	(50)		(34)	24
Other assets	516		(42)	474	
Other income / expenses					
Due to / due from transactions			113	113	
Accounts and other payables	3,125	763		3,888	102,855
Accrued expenses	(51)	543		492	243
Deferred revenue	16			16	
Prize awards payable	828			828	
Other liabilities		(25)		(25)	
Total adjustments	2,937	10,455	(24,713)	(11,321)	(49,548)
Net cash provided by (used for) operating activities	\$ 215,171	\$ 9,379	\$ (63,927)	\$ 160,623	\$ (46,607)

Fiduciary Funds

Fiduciary Funds – used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the State’s own programs.

Pension Trusts – used to report resources that are required to be held in trust for the members and beneficiaries of the State sponsored defined benefit pension plans.

Private-Purpose Trust – used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Touro Jewish Synagogue – accounts for the earnings on monies bequeathed to the State for the purpose of maintaining the Touro Jewish Synagogue.

Agency Funds – used to report resources held by the State in a purely custodial capacity (assets equal liabilities).

State of Rhode Island and Providence Plantations
Statement of Net Assets
Fiduciary Funds
June 30, 2002
(Expressed in Thousands)

	Pension Trust	Private Purpose	
		Touro Jewish Synagogue	Agency
Assets			
Cash and cash equivalents	\$ 4,794	\$ 107	\$ 15,177
Receivables			
Contributions	25,957		
Due from state for teachers	15,486		
Miscellaneous	2,514	3	
Total receivables	43,957	3	
Investments, at fair value			
Equity in Short-Term Investment Fund	193		
Equity in Pooled Trust	5,394,370		
Plan specific investments	23,072		
Other investments		1,852	69,127
Total investments before lending activities	5,417,635	1,852	69,127
Invested securities lending collateral	527,155		
Property and equipment, at cost, net of accumulated depreciation			
Line of Business System in Development	12,256		
Computer Equipment	458		
Total Property and Equipment	12,714		
Total assets	6,006,255	1,962	84,304
Liabilities			
Securities lending liability	527,156		
Accounts payable	4,841		
Deposits held for others			84,304
Total liabilities	531,997		84,304
Net assets held in trust for pension and other benefits	\$ 5,474,258	\$ 1,962	\$

State of Rhode Island and Providence Plantations
Statement of Changes in Fund Net Assets
Fiduciary Funds
June 30, 2002
(Expressed in Thousands)

	Pension Trust	Private Purpose Touro Jewish Synagogue
Additions		
Contributions		
Member contributions	\$ 141,715	\$
Employer contributions	88,750	
State contributions for teachers	30,763	
Interest on service credits purchased	546	
Total contributions	261,774	
Investment income		
Net depreciation in fair value of investments	(669,135)	(337)
Interest	117,549	62
Dividends	38,387	
Other investment income	19,738	
	(493,461)	(275)
Less investment expense	17,962	21
Net income from investing activities	(511,423)	(296)
Securities Lending		
Securities lending income	13,627	
Less securities lending expense	11,022	
Net securities lending income	2,605	
Total net investment income	(508,818)	(296)
Total additions	(247,044)	(296)
Deductions		
Benefits		
Retirement benefits	332,134	
Cost of living adjustment	75,596	
SRA Plus (option)	22,610	
Supplemental benefits	991	
Death benefits	3,250	
Total benefits	434,581	
Refund of contributions	5,674	
Administrative expense	3,965	
Distribution		52
Total deductions	444,220	52
Net increase (decrease)	(691,264)	(348)
Net assets held in trust for pension benefits		
Beginning of year	6,165,522	2,310
End of year	\$ 5,474,258	\$ 1,962

State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2002

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State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2002

Note 1. Summary Of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the State of Rhode Island and Providence Plantations (the State) and its component units have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The accompanying financial statements include all funds of the State and its component units. GASB defines component units as legally separate entities for which a primary government (the State) is financially accountable or, if not financially accountable, their exclusion would cause the State's financial statements to be misleading. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an entity's governing body and (1) the ability of the State to impose its will on that entity or (2) the potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the State. The State has considered all agencies, boards, commissions, public benefit authorities and corporations, the State university and colleges and the Central Falls School District as potential component units. Audited financial statements of the individual component units can be obtained from their respective administrative offices.

Blended Component Units

These component units are entities which are legally separate from the State, but are so intertwined with the State that they are in substance, the same as the State. They are reported as part of the State and blended into the appropriate funds.

State Lottery Fund (Lottery) - This fund is used to account for the revenues generated by the State Lottery Commission in conducting various lottery games. According to statute, earnings after allocation for prize awards and payment of expenses shall be transferred to the State's general fund. For more detailed information, a copy of the financial statements can be obtained by writing to the State Lottery Commission, 1425 Pontiac Avenue, Cranston, RI 02920.

Rhode Island Convention Center Authority (RICCA) - This Authority was created in 1987 to facilitate the construction and development of a convention center, parking garages and related facilities within the City of Providence. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Convention Center Authority, One West Exchange Street, Providence, RI 02903.

Rhode Island Refunding Bond Authority (RIRBA) - This authority was created by law for the purpose of loaning money to the State to provide funds to pay, redeem, or retire certain general obligation bonds. In fiscal 1998, the State abolished the R.I. Public Buildings Authority (RIPBA) and assigned the responsibility for managing RIPBA's outstanding debt to the RIRBA. RIPBA was previously reported as a blended component unit. The RIRBA is authorized to issue bonds. Even though it is legally separate, the RIRBA is reported as if it

State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2002

were part of the primary government because it provides services entirely to the primary government. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Refunding Bond Authority, State House, Providence, RI 02903.

Rhode Island Economic Policy Council (RIEPC) - This council is a non-profit organization created by executive order in March 1995 and incorporated in January 1996. The purpose of the council is to work closely with State officials to identify issues facing the State's economy, to develop and recommend creative strategies and policies to address them, to advise the State legislature in policy matters relating to economic development, and to administer a program designed to foster private technology commercialization and plant and process modernization through research centers, higher education partnerships and cluster collaboratives. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Economic Policy Council, 15 Westminster Street Suite 615, Providence, RI 02903-2417.

Discretely Presented Component Units

Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These discretely presented component units serve or benefit those outside of the primary government. Discretely presented component units are:

University and Colleges - The Board of Governors for Higher Education has oversight responsibility for the University of Rhode Island, Rhode Island College and Community College of Rhode Island. The Board is appointed by the Governor with approval of the Senate. The university and colleges are funded through State appropriations, tuition, federal grants, private donations and grants. For more detailed information, a copy of the financial statements can be obtained by writing to the University of Rhode Island, Carlotti Administration Building, Kingston, RI 02881; Rhode Island College, Mount Pleasant Avenue, Providence, RI 02908; and Community College of Rhode Island, 400 East Avenue, Warwick, RI 02886-1805.

Central Falls School District - The Rhode Island General Assembly passed an act which provided for the State to assume an administrative takeover of the Central Falls School District. The Governor appointed a special State administrator who replaced the school committee. The State administrator reports to the Commissioner of Elementary and Secondary Education. The District's purpose is to provide elementary and secondary education to residents of the City of Central Falls. For more detailed information, a copy of the financial statements can be obtained by writing to the Central Falls School District, 21 Hadley Avenue, Central Falls, RI 02863.

Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) - This Corporation, established in 1973, was created in order to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the State. It has the power to issue notes and bonds to achieve its corporate purpose. For more detailed information, a copy of the financial

State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2002

statements can be obtained by writing to the R.I. Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, RI 02903-1721.

Rhode Island Student Loan Authority (RISLA) - This Authority, established in 1981, was created in order to provide a statewide student loan program through the acquisition of student loans. It has the power to issue bonds and notes, payable solely from its revenues. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Student Loan Authority, 560 Jefferson Boulevard, Warwick, RI 02886.

Rhode Island Turnpike and Bridge Authority (RITBA) - This Authority was created by the General Assembly as a body corporate and politic, with powers to construct, acquire, maintain and operate bridge projects as defined by law. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Turnpike and Bridge Authority, P.O. Box 437, Jamestown, RI 02835-0437.

Rhode Island Economic Development Corporation (RIEDC) - This Corporation was created in 1995 and its purpose is to promote and encourage the preservation, expansion, and sound development of new and existing industry, business, commerce, agriculture, tourism, and recreational facilities in the State, which will promote economic development. It has the power to issue tax-exempt industrial development bonds to accomplish its corporate purpose. The RIEDC has a subsidiary corporation, the R. I. Airport Corporation, that manages the State's six airports. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Economic Development Corporation, One West Exchange Street, Providence, RI 02903.

Narragansett Bay Commission (NBC) - This Commission was created for the purposes of acquiring, planning, constructing, extending, improving, operating and maintaining publicly owned wastewater treatment facilities. NBC receives contributed capital from the State to upgrade its facilities. For more detailed information, a copy of the financial statements can be obtained by writing to the Narragansett Bay Commission, One Service Road, Providence, RI 02905.

Rhode Island Health and Educational Building Corporation (RIHEBC) - This Corporation has the following purposes: (1) to assist in providing financing for education facilities for colleges and universities operating in the State; (2) to assist hospitals in the State in the financing of health care facilities; (3) to assist stand-alone, non-profit assisted-living and adult daycare facilities; (4) to assist in financing a broad range of non-profit health care providers; and (5) to assist in financing non-profit secondary schools and child care centers. RIHEBC issues bonds, notes and leases which are special obligations of RIHEBC payable from revenues derived from the projects financed or other moneys of the participating education institution or health care institution. The bonds, notes and leases do not constitute a debt or pledge of the faith and credit of RIHEBC or the State and accordingly have not been reported in the accompanying financial statements. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Health and Educational Building Corporation, 170 Westminster Street, Suite 1200, Providence, RI 02903.

Rhode Island Resource Recovery Corporation (RIRRC) - This Corporation was established in 1974 in order to provide and/or coordinate solid waste management services to municipalities and persons within the State. RIRRC has the power to issue negotiable bonds and notes to achieve its corporate purpose. For more detailed information, a copy of the

State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2002

financial statements can be obtained by writing to the R.I. Resource Recovery Corporation, 65 Shun Pike, Johnston, RI 02919.

Rhode Island Depositors Economic Protection Corporation (DEPCO) - This Corporation was created in 1991 to assist in protecting the interests of depositors of certain financial institutions in the State which had been closed when their private deposit insurer failed, thereby leaving those institutions without deposit insurance as required by statute. DEPCO is empowered to acquire all or a portion of the assets of the closed institutions thereby aiding the prompt repayment of the deposit liabilities of the closed institutions. DEPCO has the power to issue negotiable bonds and notes to achieve its corporate purpose. For more detailed information, a copy of the financial statements can be obtained by writing to the DEPCO , One Capitol Hill, Providence, R.I. 02903

Rhode Island Higher Education Assistance Authority (RIHEAA) - This Authority was created by law in 1977 for the dual purpose of guaranteeing loans to students in eligible institutions and administering other programs of post secondary student assistance. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Higher Education Assistance Authority, 560 Jefferson Boulevard, Warwick, RI 02886.

Rhode Island Public Transit Authority (RIPTA) - This Authority was established in 1964 to acquire any mass motor bus transportation system if that system has previously filed a petition to discontinue its service and further, if RIPTA determines it is in the public interest to continue such service. Revenues of RIPTA include operating assistance grants from the federal and State governments. For more detailed information, a copy of their financial statements can be obtained by writing to the R.I. Public Transit Authority, 265 Melrose Street, Providence, RI 02907.

Rhode Island Industrial Facilities Corporation (RIIFC) - The purpose of this corporation is to issue revenue bonds, construction loan notes and equipment acquisition notes for the financing of projects which further industrial development in the State. All bonds and notes issued by RIIFC are payable solely from the revenues derived from leasing or sale by RIIFC of its projects. The bonds and notes do not constitute a debt or pledge of the faith and credit of RIIFC or the State and accordingly have not been reported in the accompanying financial statements. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Industrial Facilities Corporation, One West Exchange Street, Providence, RI 02903.

Rhode Island Clean Water Finance Agency (RICWFA) - This Agency was established in 1991 for the purpose of providing financial assistance in the form of loans to municipalities, sewer commissions and waste water management districts in the State for the construction or upgrading of water pollution abatement projects. RICWFA receives capital grants from the State and federal governments and is authorized to issue revenue bonds and notes. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Clean Water Finance Agency, 235 Promenade Street, Suite 119, Providence, RI 02908.

Rhode Island Industrial-Recreational Building Authority (RIIRBA) - This Authority is authorized to insure first mortgages and first security agreements granted by financial institutions and the Rhode Island Industrial Facilities Corporation for companies conducting business in the

State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2002

State. Any losses realized in excess of the fund balance would be funded by the State. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Industrial-Recreational Building Authority, One West Exchange Street, Providence, RI 02903.

Rhode Island Water Resources Board Corporate (RIWRBC) - This Board was created by law to foster and guide the development of water resources including the establishment of water supply facilities and lease these facilities to cities, towns, districts, and other municipal, quasi-municipal or private corporations engaged in the water supply business in the State. RIWRBC is authorized to issue revenue bonds which are payable solely from revenues generated by the lease of its facilities or the sale of water. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Water Resources Board Corporate, 100 North Main Street, Providence, RI 02903.

Rhode Island Public Telecommunications Authority (RIPTCA) - This Authority owns and operates a non-commercial educational television station in the State. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Public Telecommunications Authority, 50 Park Lane, Providence, RI 02907-3124.

Rhode Island Children's Crusade for Higher Education (RICCHE) - This is a Rhode Island nonprofit corporation formed for the purpose of fostering the education of economically disadvantaged youth through scholarship awards, summer jobs programs, and mentoring programs for parents and students. For more detailed information, a copy of the financial statements can be obtained by writing to the R.I. Children's Crusade for Higher Education, The 134 Center, Suite 111, 134 Thurbers Avenue, Providence, RI 02905.

Tobacco Settlement Financing Corporation (TSFC) - This corporation was organized on June 13, 2002 as a public corporation by the State. TSFC is legally independent and separate from the State and there is no financial interdependency between the two entities. The purpose of the corporation is to purchase tobacco settlement revenues from the State. TSFC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose. For more detailed information, a copy of the financial statements can be obtained by writing to the Tobacco Settlement Financing Corporation, One Capitol Hill, Providence, RI 02903.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2002

Investment in capital assets, net of related debt. This category reflects the portion of net assets associated with capital assets, net of accumulated depreciation and reduced by outstanding bonds and other debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets. This category results when constraints are externally imposed on net assets use by creditors, grantors or contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets. This category represents net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and all enterprise funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and related receivables are recognized as soon as they are both measurable and available, i.e., earned and collected within the next 12 months. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2002

The State reports the following major funds:

General Fund. This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Intermodal Surface Transportation Fund. This fund accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used in maintenance, upgrading, and construction of the State's highway system.

Tobacco Settlement Trust Fund. The Tobacco Settlement Trust Fund accounts for the proceeds from the sale of the rights to tobacco settlement revenues by the State to the Tobacco Settlement Finance Corporation.

Bond Capital Fund. The Bond Capital Fund (BCF) accounts for the proceeds of the bonds issued and the related capital expenditures not required to be accounted for in another capital projects fund

The State reports the following major proprietary funds:

State Lottery Fund. The State Lottery Fund operates games of chance for the purpose of generating resources for the State's General Fund.

Rhode Island Convention Center Authority (RICCA) - This Authority was created in 1987 to facilitate the construction and development of a convention center, parking garages and related facilities within the City of Providence on behalf of the State.

Employment Security Fund. This fund accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons. Funds are also provided by the federal government and interest income.

Additionally, the State reports the following fund types:

Governmental Fund Types:

Special Revenue Funds. These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes and where a separate fund is legally mandated.

Capital Projects Funds. These funds reflect transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities of the State and its component units.

Debt Service Fund. This fund accounts for resources obtained and used for the payment of interest and principal on bonds that are funded primarily through taxes.

Permanent Fund. The Permanent School Fund accounts for certain appropriations and the earnings thereon, which are used for the promotion and support of public education.

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Proprietary Fund Types:

Internal Service Funds. These funds account for fleet management, workers' compensation, unemployment compensation, industrial prison operations, computer and related data processing services, surplus property, telecommunications and other utilities, purchasing, and records maintenance.

Fiduciary Fund Types:

Pension Trust Funds. These funds account for the activities of the Employees' Retirement System, Municipal Employees' Retirement System, State Police Benefit Trust, and Judicial Benefit Trust, which accumulate resources for pension benefit payments to qualified employees.

Private Purpose Trust Fund. The Touro Jewish Synagogue Fund accounts for the earnings on monies bequeathed to the State for the purpose of maintaining the Touro Jewish Synagogue.

Agency Funds. These funds account for assets held by the State pending distribution to others.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund Accounting*, in the absence of specific guidance from GASB pronouncements, pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 have been followed.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Cash and Cash Equivalents

Cash represents amounts in demand deposit accounts with financial institutions. Cash equivalents are highly liquid investments with a maturity of three months or less at the time of purchase.

Except for certain internal service funds, the State does not pool its cash deposits. For those internal service funds that pool cash, each fund reports its share of the cash on the Statement of Net Assets. Cash overdrafts, if any, are reported as to due to other funds along with the applicable due from other funds.

F. Funds on Deposit with Fiscal Agent

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Funds on deposit with fiscal agent in the capital projects funds and enterprise fund are the unexpended portion of certificates of participation and funds held by the United States Treasury Department for the payment of unemployment benefits, respectively.

G. Investments

Investments are generally stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale. Short-term investments are stated at amortized cost, which approximates fair value.

The pension trust funds may enter into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on the asset and liability positions of foreign investments. The gains or losses on these contracts are included in income in the period in which the exchange rates change. Gains and losses on contracts which hedge specific foreign currency denominated commitments are deferred and recognized in the period in which the transaction is completed. By policy, no more than 50% of actively managed foreign equity securities (at fair value) may be hedged into the base currency (U.S. dollars).

H. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience.

I. Due From Other Governments and Agencies

Due from other governments and agencies is primarily comprised of amounts due from the federal government for reimbursement-type grant programs.

J. Interfund Activity

In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity on the government-wide financial statements. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of expenditures/expenses made by one fund for another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

K. Inventories

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Inventory type items acquired by governmental funds are accounted for as expenditures at the time of purchase. Inventories of the proprietary funds are stated at cost. Inventories of university and colleges are stated at the lower of cost (first-in, first-out and retail inventory method) or market, and consist primarily of bookstore and dining, health and residential life services items. Inventories of all other component units are stated at cost.

L. Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, and similar assets) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The estimates of historical costs of land, buildings, and improvements were derived by factoring price levels from the current period to the time of acquisition. In cases where the acquisition date was not determinable, the date of acquisition was estimated. Infrastructure constructed prior to July 1, 2001 has not been reported. This information will be included in future reports. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction of capital facilities is not capitalized. However, certain component units, R.I. Economic Development Corporation, R.I. Resources Recovery Corporation, and Narragansett Bay Commission, have capitalized interest.

Capital assets utilized in the governmental funds are recorded as capital outlay expenditures in the governmental fund financial statements. Depreciation is recorded in the government-wide financial statements, as well as the proprietary funds and component units financial statements. Capital assets of the primary government and its component units are depreciated using the straight-line method over the assets' estimated useful life.

Capital assets of the primary government are depreciated over the following estimated useful lives:

Assets	Years
Buildings	20-50
Land improvements	20
Infrastructure	30
Leasehold improvements	Term of Lease
Leasehold land improvements	Term of Lease
Building renovations	10-20
Trailers	10
Furniture and equipment	3-10
Computer systems	5
Motor vehicles	3-10

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M. Bonds Payable

In governmental fund types, bond discounts/premiums and issuance costs are recognized in the current period; bond proceeds are recorded net of these amounts. Bond discounts, premiums and issuance costs for the government-wide financial statements and for proprietary fund types are generally deferred and amortized over the term of the bonds using the straight-line method for issuance costs and the interest method for discounts and premiums. Bond discounts and premiums are presented as an adjustment to the face amount of bonds payable.

The R.I. Convention Center Authority has entered into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

N. Obligations under Capital Leases

The construction and acquisition of certain State office buildings, campus facilities and other public facilities, as well as certain equipment acquisitions, have been financed through bonds and notes issued by the R.I. Refunding Bond Authority, the R.I. Economic Development Corporation, or by a trustee pursuant to a lease/purchase agreement with the State (See Note 7(D)).

O. Accrued Liabilities

Accrued liabilities generally represent accrued salary and fringe benefits in the governmental fund types and accrued interest payable, accrued salaries and accrued vacation and sick leave in the proprietary fund types.

P. Compensated Absences

Vacation pay may be discharged, subject to limitations as to carry-over from year to year, by future paid leave or by cash payment upon termination of service. Sick pay may be discharged by payment for an employee's future absence caused by illness or, to the extent of vested rights, by cash payment upon death or retirement. For governmental fund types, such obligations are recognized when paid and for proprietary fund types, they are recorded as fund liabilities.

Q. Fund Balances

Reserved fund balances represent amounts which are (1) not appropriable for expenditure or (2) legally segregated for a specific future use.

Designated fund balances represent amounts segregated to indicate management's tentative plans or intent for future use of financial resources.

R. New Accounting Pronouncements

The State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2002:

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- Statement No. 34, Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments,
- Statement No. 35, Basic Financial Statements--and Management's Discussion and Analysis--for Public Colleges and Universities,
- Statement No. 37, Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments: Omnibus, and
- Statement No. 38, Certain Financial Statement Note Disclosures.

Statement No. 34, as amended by Statement No. 37, represents a significant change to the financial reporting model used by the State. Significant changes include the addition of entity-wide financial statements, which summarize information for governmental activities, business-type activities and discretely presented component units. These statements are prepared under the full accrual basis of accounting, as opposed to the modified accrual basis of accounting used in the governmental fund financial statements. Infrastructure assets are now required to be reported as capital assets on the entity-wide statement of net assets. Under the provisions of Statement No. 34, the State opted to report only the current year acquisitions. These assets were not previously required to be included in the financial statements. Assets previously reported in the general fixed asset account group are now reported as a reconciling item between the governmental fund financial statements and the entity-wide financial statements. Liabilities previously reported in the general long-term debt account group are similar reconciling items.

Under Statement No. 34, the focus in the fund financial statements is on major and nonmajor funds rather than on fund type. Statement No. 34 defines the general fund as a major fund and management determined that the intermodal surface transportation fund should be reported as a major fund. Other governmental funds and enterprise funds are evaluated on these criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that fund are at least 10% of the respective total for all funds of that type, and
- Total assets, liabilities, revenues, or expenditures/expenses of that fund are at least 5% of the same respective total for all funds being evaluated.

Statement No. 34 also reclassified certain funds or redefined some fund types. The following are the funds of the State that were affected:

<u>Fund Name</u>	<u>Fiscal Year 2001</u>	<u>Fiscal Year 2002</u>
Employment Security	Expendable Trust	Enterprise
Permanent School	Nonexpendable Trust	Permanent
Touro Jewish Synagogue	Nonexpendable Trust	Private Purpose Trust

Statement No. 38; which was required to be implemented in conjunction with Statement No. 34; modifies, establishes or rescinds certain financial disclosure requirements.

S. Change in Presentation

The R.I. Convention Center Authority was reclassified from a discretely presented component unit to a proprietary type blended component unit. Certain beginning net assets

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on the Statements of Changes in Net Assets have been restated to conform to either GASB 34 or the State's change in presentation.

Note 2. Budgeting and Budgetary Control

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund and certain special revenue funds. Preparation and submission of the budget is governed by both the State Constitution and the Rhode Island General Laws. The budget, as enacted by the General Assembly and signed by the Governor, contains a complete plan of estimated revenues (general, federal and restricted), transfers in (general and restricted) and proposed expenditures.

The legal level of budgetary control, i.e. the lowest level at which management (executive branch) may not reassign resources without special approval (legislative branch) is the line item within the appropriation act. Management cannot reallocate any appropriations without special approval from the legislative branch. Federal grant appropriations may also be limited by the availability of matching funds and may also require special approval from a federal agency before reallocating resources among programs.

Internal administrative and accounting budgetary controls utilized by the State consist principally of statutory restrictions on the expenditure of funds in excess of appropriations and the supervisory powers and functions exercised by management. Management cannot reduce the budget without special approval.

Unexpended general revenue appropriations lapse at the end of the fiscal year, unless the department/agency directors identify unspent appropriations related to specific projects/purchases and request a reappropriation. If the requests are approved by the Governor, such amounts are reappropriated for the ensuing fiscal year and made immediately available for the same purposes as the former appropriations. Unexpended appropriations of the General Assembly and its legislative commissions and agencies may be reappropriated by the Joint Committee on Legislative Services. If the sum total of all departments and agencies general revenue expenditures exceeds the total general revenue appropriations, it is the policy of management to lapse all unexpended appropriations, except those of the legislative branch and the Justice Link program.

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Note 3. Cash, Cash Equivalents and Investments

Cash

Primary Government

At June 30, 2002, the carrying amount of the State's cash deposits was \$163,180,000 and the bank balance was \$158,416,000. Of the bank balance, \$1,014,000 was covered by federal depository insurance. The remaining amount, \$157,402,000 was uninsured and uncollateralized. The carrying amount and bank balance include \$14,713,000 of certificates of deposit.

On February 13, 2002, the General Fund borrowed \$20,000,000 from the R.I. Temporary Disability Fund to cover a cash shortfall as permitted under RIGL 35-3-23. This loan was repaid in full as of June 30, 2002 with interest at the rate of 1.72%, which was based on the U.S. Treasury Bill rate.

During fiscal year 2002, the State issued \$90 million of tax anticipation notes at an interest rate of 2.25%. The notes were redeemed as of June 30, 2002.

Fiduciary Trust Funds

At June 30, 2002, the carrying amount of the fiduciary trust funds' cash deposits was \$4,000,000 and the bank balance was \$4,168,341. The bank balance was covered by federal depository insurance. The carrying amount and the bank balance include \$4,000,000 of certificates of deposit.

Component Units

At June 30, 2002, the carrying amount of the component units' cash deposits was \$272,305,000 and the bank balance was \$283,865,000. Of the bank balance, \$2,443,000 was covered by federal depository insurance and \$207,431,000 was collateralized with investments held by a bank in a component unit's name. The remaining amount, \$73,991,000 was uninsured and uncollateralized. The carrying amount and the bank balance include \$4,401,000 of certificates of deposit.

In accordance with Chapter 35-10.1 of the General Laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than 60 days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. None of the cash deposits of the primary government was required to be collateralized at June 30, 2002.

Investments

The State Investment Commission (Commission) is responsible for the investment of all State funds. Pursuant to Chapter 35-10 of the General Laws, the Commission may, in general, "invest in securities as would be acquired by prudent persons of discretion and

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intelligence in these matters who are seeking a reasonable income and the preservation of their capital."

Short-term cash equivalent type investments are made by the General Treasurer in accordance with guidelines established by the Commission. Investments of the pension trust funds are made by investment managers in accordance with the Commission's stated investment objectives and policies.

Investments of certain component units are not made at the direction of the Commission, but are governed by specific statutes or policies established by their governing body.

The State's investments (expressed in thousands) are categorized in the following table to give an indication of the level of risk assumed by the entity at June 30, 2002.

- Category 1: Insured or registered, or securities held by the State or its agent in the State's name.
- Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.
- Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

Primary Government	Category			Fair Value
	1	2	3	
U.S. Government and agency securities	\$ 126,593	\$	\$	\$ 126,593
Commercial Paper	16,788			16,788
Repurchase Agreements	34,553		19,434	53,987
	<u>\$ 177,934</u>	<u>\$</u>	<u>\$ 19,434</u>	<u>197,368</u>
Money Market Mutual Funds				182,025
Other				15,073
				<u>394,466</u>
Less amounts classified as cash equivalents				<u>359,273</u>
Investments				<u>\$ 35,193</u>

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Fiduciary Funds	Category			Fair Value
	1	2	3	
U.S. Government and agency securities				
Not on security loan	\$ 469,253	\$	\$	\$ 469,253
On loan for securities collateral	24,906			24,906
Repurchase Agreements	821			821
Corporate Bonds	706,159	106		706,265
Equity Securities				
Not on security loan	830,351	1,173		831,524
On loan for securities collateral	123,685			123,685
Foreign Securities				
Not on security loan	818,622			818,622
On loan for securities collateral	64,499			64,499
Unit Investment Trust	1,406,148			1,406,148
Other		29		29
	<u>\$ 4,444,444</u>	<u>\$ 1,308</u>	<u>\$</u>	<u>4,445,752</u>
Money Market Mutual Funds				165,927
Real Estate and Venture Capital Limited Partnerships				288,874
Investments held by broker-dealers under securities loans with cash collateral				515,306
Securities lending short-term collateral investment pool				527,158
Investments of Statutory Deposits Held in Trust				84,304
Other				4,526
				<u>6,031,847</u>
Less amounts classified as cash equivalents				<u>16,078</u>
Investments				<u>\$ 6,015,769</u>

Component Units	Category			Fair Value
	1	2	3	
U.S. Government and agency securities	\$ 128,052	\$ 180,267	\$ 8,034	\$ 316,353
Money Market			21,107	21,107
Commercial Paper	186,565			186,565
Repurchase Agreements	90,519	2,860	35,080	128,459
Corporate Bonds			957	957
Corporate Notes	348			348
Equity Securities		1,378	4,863	6,241
Investment Agreements	5,812			5,812
Other	200	650	150	1,000
	<u>\$ 411,496</u>	<u>\$ 185,155</u>	<u>\$ 70,191</u>	<u>666,842</u>
Money Market Mutual Funds				40,926
Investment Agreements				586,514
Other				147
				<u>1,294,429</u>
Less amounts classified as cash equivalents				<u>252,974</u>
Investments				<u>\$ 1,041,455</u>

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Derivatives and Other Similar Investments

Primary Government

Some of the State of Rhode Island Employees' Retirement System's (System) investment managers are allowed to invest in certain derivative type transactions, including forward foreign currency transactions, futures contracts and mortgage-backed securities. Through the Unit Investment Trusts (UIT), the System also indirectly holds derivative type instruments. Information on the extent of the use, and holdings of derivative securities by the UITs is not readily available.

Forward Foreign Currency Contracts – The System may enter into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments. These contracts involve risk in excess of the amount reflected in the System's Statements of Plan Net Assets. The face or contract amount in U.S. dollars reflects the total exposure the System has in that particular currency contract. By policy, no more than 50% of actively managed Foreign Equity securities (at fair value) may be hedged into the base currency (US Dollars). The U.S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

Futures contracts – The System may use futures to manage its exposure to the stock, money market, and bond markets and the fluctuations in interest rates and currency values. Buying futures tends to increase the System's exposure to the underlying instrument. Selling futures tends to decrease the System's exposure to the underlying instrument, or hedge other System investments. Losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, or if the counterparties do not perform under the contract terms.

Mortgage-Backed Securities – The System invests in various mortgage-backed securities, such as collateralized mortgage obligations (CMO), interest-only and principal-only (PO) strips. They are reported in aggregate as U.S. Government and Agency Securities in the disclosure of custodial credit risk. CMO's are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with the CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. The System may invest in interest-only (IO) and principal-only strips (PO) in part to hedge against a rise in interest rates. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payments by mortgagees, which may result from a decline in interest rates. Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments.

Short Sales – The Unit Investment Trusts (UIT) may sell a security they do not own in anticipation of a decline in the fair value of that security. Short sales may increase the

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risk of loss to the UIT when the price of a security underlying the short sale increases and the UIT is subject to a higher cost to purchase the security in order to cover the position.

Securities Lending

Policies of the State Investment Commission permit use of investments to enter into securities lending transactions. The System has contracted with State Street Bank & Trust Company (SSB) as third party securities lending agent to lend the System's debt and equity securities for cash, securities and sovereign debt of foreign countries as collateral at 102% of the market value of the domestic securities on loan and 105% of the market value of the international securities on loan. There are no restrictions on the amount of loans that can be made. There have been no violations of the provisions of the contract. Securities on loan at year-end for cash collateral are presented as not categorized in the preceding table. Securities on loan for noncash collateral are classified according to the category for the collateral. The contract with the lending agent requires them to indemnify the System if the borrowers fail to return the securities. Either the System or the borrower can terminate all securities loans on demand. The cash collateral received on security loans was invested in the lending agent's short-term investment pool for an average duration of 69 days and a weighted average maturity of 144 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The System is not permitted to pledge or sell collateral securities received unless the borrower defaults. There were no losses during the fiscal year resulting from default of the borrower or lending agent.

At June 30, 2002, System's management believes the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers do not exceed the amounts the borrowers owe the System. The securities on loan at year-end were \$540,400,489 (fair value), and the collateral received for those securities on loan was \$552,779,734 (fair value).

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Note 4. Receivables

Receivables at June 30, 2002 (expressed in thousands) consist of the following:

	Taxes	Accounts	Accrued Interest	Notes and Loans	Allowance for Uncollectibles	Total Receivables
Governmental Activities:						
General	\$ 232,246	\$ 11,033	\$	\$ 2,700	\$ (49,845)	\$ 196,134
Intermodal Surface Transportation	11,392	106			(133)	11,365
Bond Capital						
Other Governmental	27,193	15,545	4		(3,122)	39,620
Internal Service		4,201		1,022		5,223
Total - governmental activities	\$ 270,831	\$ 30,885	\$ 4	\$ 3,722	\$ (53,100)	\$ 252,342
Amounts not expected to be collected in the subsequent year and recorded as deferred revenue						
General	\$ 5,387					
Intermodal Surface Transportation		\$ 4,396				
Business-type activities:						
State Lottery		7,937			(343)	7,594
Convention Center		2,185	143		(105)	2,223
Employment Security	32,096	11,418			(9,993)	33,521
Total - business-type activities	\$ 32,096	\$ 21,540	\$ 143	\$	\$ (10,441)	\$ 43,338
Component Units	\$	\$ 110,730	\$ 34,058	\$ 2,153,876	\$ (45,875)	\$ 2,252,789

Component Units

Loans receivable of the R.I. Housing and Mortgage Finance Corporation are secured by a first lien on real and personal property and, in some instances, are federally insured. Loans receivable of the R.I. Student Loan Authority are insured by the R.I. Higher Education Assistance Authority, which in turn has a reinsurance agreement with the federal government. The R.I. Clean Water Finance Agency provides loans to municipalities, sewer commissions, or wastewater management districts in the State for constructing or upgrading water pollution abatement projects.

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Note 5. Intra-Entity Receivables and Payables

Intra-entity receivables and payables, as of June 30, 2002, are the result of operations and expected to be reimbursed within the fiscal year. They are summarized below (expressed in thousands):

	Interfund Receivable	Interfund Payable
Governmental Funds		
Major Funds		
General Fund	\$ 26,810	\$ 2,958
Intermodal Surface Transportation Fund	15,499	0
Bond Capital	4	35,564
Other		
RI Underground Storage Tank Financial Responsibility	117	546
RI Temporary Disability Insurance		2,729
Providence River Relocation Project	204	205
Debt Service Fund	173	3,550
RI Clean Water Environmental Trust Fund	239	2
Total Other	733	7,032
Total Governmental	43,046	45,554
Proprietary Funds		
Enterprise		
RI Lottery		2,142
RI Convention Center Authority		1,659
Employment Security Trust Fund		61
Total Enterprise	0	3,862
Internal Service		
Assessed Fringe Benefits		2,932
Central Utilities	1,238	
Energy Revolving		39
Information Processing	3,548	294
Central Mail	455	1
Centrex		158
Howard Communications	63	
Central Pharmacy	1,472	
Central Laundry	105	
Automotive Maintenance	533	
Central Distribution Center	255	
Correctional Industries	2,028	
Records Center	97	
Total Internal Service	9,794	3,424
Totals	\$ 52,840	\$ 52,840

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Note 6. Capital Assets

The capital asset activity of the reporting entity consists of the following (expressed in thousands):

Primary Government Governmental	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 345,120	\$ 28,065	\$	\$ 373,185
Construction in progress	10,680	20,973		31,653
Total capital assets not being depreciated	<u>355,800</u>	<u>49,038</u>		<u>404,838</u>
Capital assets being depreciated:				
Land improvements	3,209			3,209
Buildings	368,762	691		369,453
Building Improvements	188,868	18,061		206,929
Furniture and equipment	129,759	17,659	(3,702)	143,716
Infrastructure		118,277		118,277
Total capital assets being depreciated	<u>690,598</u>	<u>154,688</u>	<u>(3,702)</u>	<u>841,584</u>
Less accumulated depreciation for:				
Buildings	116,629	7,179		123,808
Building Improvements	80,196	9,884		90,080
Land improvements	1,648	160		1,808
Furniture and equipment	89,680	15,464	(3,702)	101,442
Infrastructure		1,971		1,971
Total accumulated depreciation	<u>288,153</u>	<u>34,658</u>	<u>(3,702)</u>	<u>319,109</u>
Total capital assets being depreciated, net	<u>402,445</u>	<u>120,030</u>		<u>522,475</u>
Governmental activities capital assets, net	<u>\$ 758,245</u>	<u>\$ 169,068</u>	<u>\$</u>	<u>\$ 927,313</u>

The current period depreciation was charged to the governmental functions on the Statement of Activities as follows:

General government	\$ 7,727
Human services	10,167
Education	1,300
Public safety	9,283
Natural resources	1,661
Transportation	4,520
Total depreciation expense - governmental activities	<u>\$ 34,658</u>

State of Rhode Island and Providence Plantations
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Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 38,032	\$	\$	\$ 38,032
Construction in progress		1,336		1,336
Total capital assets not being depreciated	38,032	1,336		39,368
Capital assets being depreciated:				
Buildings	227,127	216	(7)	227,336
Machinery and equipment	15,571	2,895		18,466
Total capital assets being depreciated	242,698	3,111	(7)	245,802
Less accumulated depreciation for:				
Buildings	55,814	7,690	(3)	63,501
Machinery and equipment	10,836	1,811		12,647
Total accumulated depreciation	66,650	9,501	(3)	76,148
Total capital assets being depreciated, net	176,048	(6,390)	(4)	169,654
Business-type activities capital assets, net	\$ 214,080	\$ (5,054)	\$ (4)	\$ 209,022

Discretely Presented Component Units

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 68,133	\$ 7,954	\$ (2,063)	\$ 74,024
Construction in progress	139,813	136,678	(68,118)	208,373
Total capital assets not being depreciated	207,946	144,632	(70,181)	282,397
Capital assets being depreciated:				
Land improvements	70,951	4,702		75,653
Buildings	728,173	101,020	(612)	828,581
Machinery and equipment	190,675	30,361	(9,559)	211,477
Infrastructure	255,836	130		255,966
Total capital assets being depreciated	1,245,635	136,213	(10,171)	1,371,677
Less accumulated depreciation for:				
Buildings	255,475	26,160	(492)	281,143
Land improvements	35,075	7,075		42,150
Machinery and equipment	102,931	18,851	(9,442)	112,340
Infrastructure	71,850	5,352		77,202
Total accumulated depreciation	465,331	57,438	(9,934)	512,835
Total capital assets being depreciated, net	780,304	78,775	(237)	858,842
Total capital assets, net	\$ 988,250	\$ 223,407	\$ (70,418)	\$ 1,141,239

Note 7. Long-Term Obligations

Long-term obligations include bonds, notes and loans payable, obligations under capital leases, compensated absences, and other long-term liabilities.

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A. Bonds Payable

At June 30, 2002, future debt service requirements were as follows (expressed in thousands):

Fiscal Year Ending June 30	Primary Government				Component Units	
	Governmental Activities		Proprietary Type		Principal	Interest
	Principal	Interest	Principal	Interest		
2003	\$ 48,595	\$ 40,728	\$ 6,075	\$ 14,981	\$ 132,311	\$ 168,652
2004	52,292	37,778	7,685	14,690	203,809	166,416
2005	57,946	34,948	9,380	14,327	150,418	157,481
2006	54,414	37,899	9,825	13,887	85,776	151,613
2007	51,433	33,852	10,290	13,426	76,272	147,735
2008 - 2012	236,559	111,107	59,300	59,386	396,721	674,192
2013 - 2017	213,415	45,538	75,315	43,586	491,271	563,075
2018 - 2022	101,495	7,153	95,310	23,869	479,611	442,432
2023 - 2027			46,255	4,445	480,248	305,333
2028 - 2032					500,153	195,469
2033 - 2037					465,470	115,428
2038 - 2042					217,905	42,725
	<u>\$ 816,149</u>	<u>\$ 349,003</u>	<u>\$ 319,435</u>	<u>\$ 202,597</u>	<u>\$ 3,679,965</u>	<u>\$ 3,130,551</u>

Primary Government

Current interest bonds of the State are serial bonds with interest payable semi-annually and multi-modal variable rate demand bonds. Capital appreciation bonds are designated as College and University Savings Bonds. The accreted interest is recognized as a current year expense in the governmental activities on the statement of activities. These bonds mature from 2006 to 2009 with all interest payable at maturity.

Included in the current interest bonds is \$28,165,000 of general obligation multi-modal variable rate demand bonds maturing in fiscal year 2020. These bonds were initially issued in the weekly rate mode but can be changed by the issuer (the State) to a daily, commercial paper or term rate mode. The interest rate is determined either weekly or daily based on the mode; interest is paid monthly. The owners of the bonds in a weekly mode can require the State (acting through its remarketing and tender agents) to repurchase the bonds. The remarketing agent is authorized to use its best efforts to resell any purchased bonds by adjusting the interest rate offered. The State has entered into a standby bond purchase agreement (liquidity facility) with the tender agent and a commercial bank (the bank). The remarketing agent is required to offer for sale all bonds properly tendered for purchase. In the event the remarketing agent is unable to remarket tendered bonds, the standby bond purchase agreement provides that the bank agrees to purchase any bonds from time to time in an amount not to exceed the principal amount plus accrued interest up to 37 days at an interest rate not to exceed 12% per annum, subject to the terms and provisions of the liquidity facility. This agreement has been extended through July 2003. The State is required to pay the bank at an interest rate based on its prime lending rate or the federal funds rate plus 1/2 of 1 percent, whichever is higher. The standby bond purchase agreement remains in effect until the payment in full of the principal and interest on all bonds purchased by the bank.

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Revenue bonds of the R.I. Refunding Bond Authority (RIRBA) are secured by lease rentals payable by the State pursuant to lease agreements relating to projects financed by the authority and leased to the State. Proceeds from the RIRBA bonds have been used (1) to loan funds to the State to effect the advance refunding of general obligation bonds issued by the State in 1984; (2) to finance construction and renovation of certain buildings, and (3) to finance acquisition of equipment used by various State agencies.

Revenue bonds of the R.I. Convention Center Authority (RICCA) were issued to (a) refund bonds and notes, (b) pay construction costs, (c) pay operating expenses, (d) pay interest on revenue bonds prior to completion of construction, (e) fund a debt service reserve and (f) pay costs of issuance. The revenue bonds are secured by all rents receivable, if any, under a lease and agreement between the RICCA and the State covering all property purchased by the RICCA. It also covers a mortgage on facilities and land financed by the proceeds of the revenue bonds and amounts held in various accounts into which bond proceeds were deposited.

Component Units

Revenue bonds of the University of Rhode Island (URI), Rhode Island College (RIC), and Community College of Rhode Island (CCRI) were issued under trust indentures and are collateralized by a pledge of revenues from the facilities financed. The facilities include housing, student union (including bookstores) and dining operations. Under terms of the trust indentures, certain net revenues from these operations must be transferred to the trustees for payment of interest, retirement of bonds, and maintenance of facilities. The bonds are payable in annual or semi-annual installments to various maturity dates. Revenue bonds also include amounts borrowed under a loan and trust agreement between the R.I. Health and Educational Building Corporation (RIHEBC) (a proprietary component unit) and the Board of Governors for Higher Education acting for URI, RIC, and CCRI. The agreement provides for RIHEBC's issuance of the bonds with a loan of the proceeds to the university and colleges and the payment by the university and colleges to RIHEBC of loan payments that are at least equal to debt service on the bonds. The bonds are secured by a pledge of revenues of the respective institutions.

Bonds of the R.I. Housing and Mortgage Finance Corporation (RIHMFC) are special obligations of RIHMFC, payable from the revenue, prepayments and all the funds and accounts pledged under the various bond resolutions to the holders of the bonds. The proceeds of the bonds were generally used to acquire mortgage loans which are secured principally by a first lien upon real property and improvements.

The R.I. Student Loan Authority issued tax exempt Student Loan Revenue Bonds that are secured by eligible student loans, the monies in restricted funds established by the trust indenture and all related income. The proceeds of the issuance and operating cash were used to refund bonds and to originate and purchase eligible student loans.

The R.I. Economic Development Corporation (RIEDC) has bonds outstanding referred to as Airport Revenue Bonds. They were issued to finance the construction and related costs of certain capital improvements at T.F. Green State Airport. The proceeds of the bonds were loaned to the R.I. Airport Corporation, a subsidiary and component unit of RIEDC. The remainder of bonds outstanding comprise the financing to purchase land and make land improvements at Island Woods Industrial Park in Smithfield, R.I. and to acquire land, make

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improvements and renovations of a building and parking lot (The Fleet National Bank Project).

The proceeds of the revenue bonds of the R.I. Clean Water Finance Agency provide funds to make low interest loans to municipalities in the State and quasi-state agencies to finance or refinance the costs of construction or rehabilitation of water pollution abatement projects.

Bonds of the Narragansett Bay Commission (NBC) represent the NBC's portion of the State's general obligation bonds. Debt service on NBC's portion is recovered through charges levied for services provided to users of its facilities. These bonds are guaranteed by the State.

Bonds of the R.I. Water Resources Board Corporate were issued to provide financing to various cities, towns, private corporations and companies engaged in the sale of potable water and the water supply business.

The Tobacco Settlement Financing Corporation (TSFC) issued \$685,390,000 of Tobacco Asset-Backed Bonds that were used to purchase the State's future rights in the Tobacco Settlement Revenues (TSR's) under the Master Settlement Agreement and the Consent Decree and Final Judgment (the "MSA").

A summary of general obligation bonds authorized by the voters and unissued (expressed in thousands) at June 30, 2002 is shown below.

	Authorized and Unissued July 1	Authorized	Issued	Extinguished	Authorized and Unissued June 30
General Obligation Bonds Supported by Taxes:					
Capital Development Plan - 1986	\$ 160	\$	\$ 155	\$	\$ 5
Capital Development Plan - 1988	970		505		465
Capital Development Plan - 1989	3,506				3,506
Capital Development Plan - 1990	18,390		5,070		13,320
Capital Development Plan - 1994	8,115				8,115
Capital Development Plan - 1996	27,053		2,990		24,063
Capital Development Plan - 1998	27,855		9,380		18,475
Capital Development Plan - 2000	193,460		100,475		92,985
R.I. Economic Development Fund	450		445		5
Underground Storage Tank Replacement Revolving Loan Fund					
Narragansett Bay Water Quality Management District Commission Fund	12,935		12,145		790
Clean Water Act Environmental Trust Fund	3,840				3,840
Open Space and Recreational Area Fund	4,438		4,235		203
Drinking Water Protection Fund	3,415				3,415
Clean Water Finance Agency - Water Pollution Revolving Loan Fund	13,960				13,960
General Obligation Bonds Supported by Taxes	<u>318,547</u>	-	<u>135,400</u>	-	<u>183,147</u>
R. I. Industrial-Recreational Building Authority	<u>80,000</u>				<u>80,000</u>
Total	<u>\$ 398,547</u>	<u>\$ -</u>	<u>\$ 135,400</u>	<u>\$ -</u>	<u>\$ 263,147</u>

In accordance with the General Laws, unissued bonds are subject to extinguishment seven years after the debt authorization was approved unless extended by the General Assembly. The amount of authorized bonds that may be issued by the R.I. Industrial-Recreational Building Authority is limited by mortgage balances that it has insured, \$20,861,114 at June 30, 2002 (See Note 21). The insured mortgages are guaranteed by the State.

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See Note 12 for information concerning contingent liabilities relating to "Moral Obligation" bonds.

B. Notes Payable

Notes payable (expressed in thousands) at June 30, 2002 are as follows:

Component Units	
Rhode Island College note payable to the federal government with interest at 5.5% payable in semi-annual installments of principal and interest through 2024.	\$ 2,221
R.I. Housing and Mortgage Finance Corporation bank notes, 4.375% to 6.71% interest, payable through 2008.	5,013
R.I. Economic Development Corporation (R.I. Airport Corporation) note payable at 6.75% interest, payable through 2005	301
	<hr/>
	7,535
Less: current payable	(1,067)
	<hr/>
	<u>\$ 6,468</u>

C. Loans Payable

Component Units

Loans payable represent liabilities of the Narragansett Bay Commission (NBC) to the R.I. Clean Water Finance Agency (RICWFA) (\$75,748,995) and to the R.I. Refunding Bond Authority (\$15,000). The loans payable to the RICWFA are for projects financed by that agency. The University of Rhode Island (URI) has an outstanding \$544,604 loan from the Board of Governors for Higher Education to purchase certain high technology equipment and one from the Rhode Island State Energy Office for \$251,340 to finance the installation of energy conservation measurers in various buildings. It also includes Community College of Rhode Island's (CCRI) loan in the amount of \$400,000 from the Energy Revolving Loan Fund (an internal service fund).

D. Obligations Under Capital Leases

Primary Government

The State has entered into capital lease agreements with financial institutions. These financing arrangements have been used by the State to acquire, construct or renovate facilities and acquire other fixed assets.

The State's obligation under capital leases at June 30, 2002 consists of the present value of future minimum lease payments less any funds available in debt service reserve funds.

Obligation of the State to make payments under lease agreements is subject to and dependent upon annual appropriations being made by the General Assembly.

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The following is a summary of material future minimum lease payments (expressed in thousands) required under capital leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2002.

Fiscal Year Ending June 30	COPS	Other	Total
2003	\$ 13,360	\$ 1,211	\$ 14,571
2004	13,271	1,211	14,482
2005	12,134	1,212	13,346
2006	10,134	1,211	11,345
2007	11,455		11,455
2008 - 2012	50,900		50,900
2013 - 2017	37,817		37,817
2018 - 2022	9,022		9,022
2023 - 2027			0
Total future minimum lease payments	<u>158,093</u>	<u>4,845</u>	<u>162,938</u>
Amount representing interest	(45,429)	(580)	(46,009)
Present value of future minimum lease payments	<u>\$ 112,664</u>	<u>\$ 4,265</u>	<u>\$ 116,929</u>

Component Units

The University of Rhode Island (URI), Rhode Island College (RIC), Community College of Rhode Island (CCRI), and R.I. Public Telecommunications Authority (RIPTCA) obligations under capital leases consist, primarily, of construction of facilities and equipment acquisitions financed by the R.I. Refunding Bond Authority, a blended component unit.

Capital lease obligations of the R.I. Airport Corporation (RIAC), a subsidiary and component unit of the R.I. Economic Development Corporation (RIEDC), are for annual payments to the State equal to the principal and interest for airport related general obligation bonds issued by the State.

The following is a summary of the material future minimum lease payments (expressed in thousands) required under capital leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2002.

Fiscal Year Ending June 30	URI	RIC	CCRI	CFSD	RIEDC	RIPTCA	NBC
2003	\$ 1,586	\$ 64	\$ 156	\$ 9	\$ 5,353	\$ 827	\$ 134
2004	1,551	64	156		4,309	820	100
2005	1,463	64	156		3,934	806	73
2006	1,300	64	156		3,598	806	27
2007	1,279	64	156		3,404	807	
2008 - 2012	6,363	105	781		11,954	3,295	
2013 - 2017	6,327		782		5,350		
2018 - 2020	3,775		782		159		
2023 - 2027			313				
Total future minimum lease payments	<u>23,644</u>	<u>425</u>	<u>3,438</u>	<u>9</u>	<u>38,061</u>	<u>7,361</u>	<u>334</u>
Amount representing interest	(7,631)	(116)	(1,533)	0	(9,389)	(1,581)	(37)
Present value of future minimum lease payments	<u>\$ 16,013</u>	<u>\$ 309</u>	<u>\$ 1,905</u>	<u>\$ 9</u>	<u>\$ 28,672</u>	<u>\$ 5,780</u>	<u>\$ 297</u>

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E. Compensated Absences

State employees are granted vacation and sick leave in varying amounts based upon years of service. At the termination of service, the employee is paid for accumulated unused vacation leave. Also, the employee is entitled to payment of a percentage of accumulated sick leave at retirement. Payment is calculated at their then-current rate of pay. For the fiscal year ended June 30, 2002, the State calculated the liability for accrued sick leave for only those employees that are eligible for retirement (vested). Therefore, the July 1 balance was reduced by approximately \$15 million to reflect this change.

F. Other Long-Term Liabilities

Income on invested general obligation bond proceeds, determined to be arbitrage earnings in accordance with federal regulations, has been included in the general long-term debt account group. These amounts are generally payable to the federal government five years after the bond issuance date.

The long-term debt portion of violent crimes' claims is included in the general long-term debt account group. Also included is an advance from the Federal Highway Authority Right of Way Revolving Fund that will be used to acquire land and rights-of-way for the Quonset access road project. The amount included for negotiated settlements represents the amount due to correctional officers and is payable over three years. Retainage payable is also included in other long-term debt since the related construction projects are not expected to be completed in the subsequent fiscal period. Finally, an amount due to the federal government is being reported as long-term debt because the payment schedule coincides with the repayment of a long-term loan issued to a private employer.

G. Changes in Long-Term Debt

During the fiscal year ended June 30, 2002, the following changes (expressed in thousands) occurred in long-term debt:

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Primary Government

	Balance July 1	Additions	Reductions	Balance June 30	Amounts Due Within One Year	Amounts Due Thereafter
Governmental activities						
General obligation bonds payable:						
Current interest bonds	\$ 829,034	\$ 168,990	\$ (315,590)	\$ 682,434	\$ 33,481	\$ 648,953
Capital appreciation bonds	24,816		(24,206)	610		610
Accreted interest on capital appreciation bonds	34,164	4,904	(34,657)	4,411		4,411
Revenue bonds - RIRBA	147,385		(14,280)	133,105	14,885	118,220
Deferred costs		6,497		6,497		6,497
Bonds payable	<u>1,035,399</u>	<u>180,391</u>	<u>(388,733)</u>	<u>827,057</u>	<u>48,366</u>	<u>778,691</u>
Certificates of Participation (COP)	126,470		(13,805)	112,665	8,050	104,615
Other capital leases	8,122	314	(1,631)	6,805	1,651	5,154
Obligations under capital leases	134,592	314	(15,436)	119,470	9,701	109,769
Compensated absences	50,074	45,454	(40,881)	54,647	35,217	19,430
Other long-term liabilities	36,177	1,365	(10,409)	27,133	9,131	18,002
	<u>\$ 1,256,242</u>	<u>\$ 227,524</u>	<u>\$ (455,459)</u>	<u>\$ 1,028,307</u>	<u>\$ 102,415</u>	<u>\$ 925,892</u>
Business type activities						
Revenue bonds	\$ 315,805	\$ 101,315	\$ (97,685)	\$ 319,435	\$ 6,075	\$ 313,360
Less: deferred amounts						
Issuance discounts	(6,696)		505	(6,191)		(6,191)
On refunding	(14,097)	(6,462)		(20,559)		(20,559)
Bonds payable	<u>295,012</u>	<u>94,853</u>	<u>(97,180)</u>	<u>292,685</u>	<u>6,075</u>	<u>286,610</u>
Other long-term liabilities	2,053		(900)	1,153	1,153	
	<u>\$ 297,065</u>	<u>\$ 94,853</u>	<u>\$ (98,080)</u>	<u>\$ 293,838</u>	<u>\$ 7,228</u>	<u>\$ 286,610</u>

H. Defeased Debt

In prior years, the State and its component units defeased certain general obligation bonds, revenue bonds and certificates of participation (COP) by placing the proceeds of the new bonds or COP, or other sources, in irrevocable trusts to provide for all future debt service payments on the old bonds or COP. Accordingly, the trust account assets and the liabilities for the defeased bonds or COP are not included in the basic financial statements. On June 30, 2002, the following bonds outstanding (expressed in thousands) are considered defeased:

	<u>Amount</u>
Primary government:	
General Obligation Bonds	
(includes \$1,370,000 of NBC)	\$ 364,250
Component Units:	
R.I. Clean Water Finance Agency	14,935
R.I. Depositors Economic Protection Corporation	550,305
R.I. Economic Development Corporation	28,820
R.I. Turnpike And Bridge Authority	40,600

In March 2002, the State issued \$39,805,000 Consolidated Capital Development Loan of 2002, Refunding Series A, with interest rates ranging from 2.45% to 3.85%, maturing from 2003 through 2007. The proceeds were used to advance refund \$38,410,000 of 1992 General Obligation Refunding Bonds, Series A. The net proceeds from the sale of the refunding bonds were used to purchase U. S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service of the refunded bonds. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from long-term obligations. The refunding decreased total debt service payments over the next 7 years by \$2,082,685 and resulted in

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an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,552,630.

The above amounts include \$6,215,000 of refunding bonds issued on behalf of Narragansett Bay Commission (NBC), a component unit, to advance refund \$5,974,000 of outstanding bonds. This advance refunding decreased NBC's total debt service payments over the next 7 years by \$432,704 and resulted in an economic gain of \$328,269.

On June 27, 2002 the State used Tobacco Settlement Asset-Backed Bonds to defease \$295,505,000 in debt maturities which included \$4,650,000 of Certificates of Participation. Over the next 19 years, the State will reduce its interest payments by \$47,945,895.

I. Conduit Debt

The R.I. Industrial Facilities Corporation, the R.I. Health and Educational Building Corporation and the R.I. Economic Development Corporation issue revenue bonds, equipment acquisition notes, and construction loan notes to finance various capital expenditures for Rhode Island business entities. The bonds and notes issued by the corporations are not general obligations of the corporations and are payable solely from the revenues derived from the related projects. They neither constitute nor give rise to a pecuniary liability for the corporations nor do they represent a charge against their general credit. Under the terms of the various indentures and related loan and lease agreements, the business entities make loan and lease payments directly to the trustees of the related bond and note issues in amounts equal to interest and principal payments due on the respective issues. The payments are not shown as receipts and disbursements of the corporations, nor are the related assets and obligations included in the financial statements. The amount of conduit debt outstanding on June 30, 2002 was \$120,000,000, \$1,178,526,861 and \$360,225,000, respectively.

Note 8. Net Assets

Governmental-Wide Unrestricted Net Assets

	Governmental Activities (in thousands)	
Deficit	\$ (449,831)	
General Revenue	31,039	Unrestricted balance
Appropriations carried forward:		
General Revenues	7,812	General revenues carried forward for original purpose
Restricted Revenues	36,280	Restricted revenues carried forward for original purpose
Other	6,645	Principally capital accounts carried forward for original purpose
Special Revenue	147,459	ISTEA, Tobacco Settlement Fund, Underground Storage Fund, RI Economic Policy Council
Capital Projects Fund	87,132	Committed for capital projects
Permanent Fund	786	Permanent School
Internal Service Funds	8,247	Unrestricted balance of all Internal Service Funds
Unrestricted Net Assets	<u>\$ (124,431)</u>	

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Changes in General Fund Reserved Fund Balances

The State maintains certain reserves within the General Fund in accordance with the General Laws. These reserves accumulate in the General Fund until withdrawn by statute or used for the intended purposes pursuant to the enabling legislation.

The State maintains a budget reserve in the general fund. Annually, 2% of general revenues and opening surplus are set aside in this reserve account. Amounts in excess of 3% of the total general revenues and opening surplus are transferred to the bond capital fund to be used for capital projects, debt reduction or debt service. The reserve account, or any portion thereof, may be appropriated in the event of an emergency involving the health, safety or welfare of the citizens of the State or in the event of an unanticipated deficit in any given fiscal year. Such appropriations must be approved by a majority of each chamber of the General Assembly.

Appropriations carried forward can only be used for the same purpose as intended in the original budget as enacted by the General Assembly.

The following table summarizes the activity (expressed in thousands) of these reserve accounts for the fiscal year ended June 30, 2002:

	Reserved Fund Balance July 1, as restated	Additions	Reductions	Reserved Fund Balance June 30
State Budget Reserve Account	\$ 79,689	\$ 54,683	\$ (52,348)	\$ 82,024
Appropriations carried forward				
General revenue	11,056	7,812	(11,056)	7,812
Departmental restricted revenue	34,521	36,280	(34,521)	36,280
Operating transfers in	11,697	6,645	(11,697)	6,645
Total	<u>\$ 136,963</u>	<u>\$ 105,420</u>	<u>\$ (109,622)</u>	<u>\$ 132,761</u>

Note 9. Taxes

Tax revenue reported on the Statement of Activities is reported net of the allowance for uncollectible amounts. Tax revenue on the Statement of Revenues, Expenditures and Fund Balances – Governmental Funds is reported net of the uncollectible amount and the amount that will not be collected within one year (unavailable). The unavailable amount is reported as deferred revenue. The detail of the general revenue taxes as stated on the Statement of Activities is presented below (expressed in thousands):

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	Taxes
General Fund	
Personal Income Tax	\$ 811,075
General Business Taxes:	
Business Corporation Tax	24,441
Non-resident Contractor Tax	88
Franchise Tax	8,545
Gross Earnings Tax-Public Utilities	80,859
Income Tax-Financial Institutions	3,385
Tax on Insurance Companies	32,534
Tax on Deposits-Banking Institutions	1,138
Health Care Provider Assessment	8,010
Nursing Facilities Provider Assessments	20,336
Sub-total - General Business Taxes	179,336
Sales and Use Taxes:	
Sales and Use Tax	736,543
Providence Place Sales Tax	10,637
Motor Vehicle Tax	43,432
Rental Vehicle Surcharge	2,682
Fuel Use Tax on Motor Carriers	831
Cigarette Tax	79,445
Cigarette Floor Stock Tax	4,304
Smokeless Tobacco Tax	1,765
Alcoholic Beverage Import Fees	10,004
Tax on Mfg. of Beers, Liquors, etc.	35
Sub-total - Sales and Use Taxes	889,678
Other Taxes:	
Inheritance Tax	22,265
Simulcast Wagering	3,163
Jai Alai - Pari-mutuel Betting	72
Jai Alai - Tax on Breakage	2
Dog Racing - Pari-mutuel Betting	2,200
Dog Racing - Tax on Breakage	34
Realty Transfer Tax	2,679
Mobile Home Conveyance Tax	13
Sub-total - Other Taxes	30,428
Total - General Fund	1,910,517
R.I. Temporary Disability Fund	146,825
Intermodal Surface Transportation Fund	
Gasoline	130,000
Total Taxes	\$ 2,187,342

Note 10. Operating Transfers

Operating transfers for the fiscal year ended June 30, 2002 are presented below (expressed in thousands):

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Fund Financial Statements

	Transfers	Description
Governmental activities		
General Fund		
Major Funds		
Intermodal Surface Transportation	\$ 50,872	Debt service
Bond Capital	55,641	Debt service
Tobacco Settlement Trust	135,000	Debt service
Lottery	214,279	Net income
Convention Center	1,659	Excess debt service
Other governmental funds		
Temporary Disability	828	Net Income
Debt Service	775	Debt service
Internal Service		
Energy Revolving	143	Net Income
Fiduciary Funds		
Employees' Retirement System	8,658	Fund administrative expenses
State Police Benefit Trust	15	Fund administrative expenses
Municipal Employees' Retirement system	1,263	Fund administrative expenses
Judicial Benefit Trust	10	Fund administrative expenses
ISTEA Fund		
Nonmajor Funds		
Capital Projects	44,861	Infrastructure
Bond Capital		
General Fund	52,348	Debt service
Economic Policy Council		
General Fund	3,250	Operating assistance
Total Governmental Activities	569,602	
Business-Type Activities		
Convention Center	16,969	Debt service
Total operating transfers	\$ 586,571	

Note 11. Operating Lease Commitments

The primary government is committed under numerous operating leases covering real property. Operating lease expenditures totaled approximately \$12,938,404 for the fiscal year ended June 30, 2002

Most of the operating leases contain an option allowing the State, at the end of the initial lease term, to renew its lease at the then fair rental value. In most cases, it is expected that these leases will be renewed or replaced by other leases.

The following is a summary of material future minimum rental payments (expressed in thousands) required under operating leases that have initial or remaining lease terms in excess of one year as of June 30, 2002:

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Fiscal Year Ending June 30		
2003	\$	12,540
2004		11,964
2005		11,373
2006		8,628
2007		5,092
2008 - 2012		16,711
2013 - 2017		8,738
2018 - 2022		3,941
Total	\$	<u>78,987</u>

The minimum payments shown above have not been reduced by any sublease receipts.

Note 12. Commitments

Encumbrances outstanding for the governmental funds were not available at fiscal year end.

The R.I. Economic Development Corporation (RIEDC) entered into several agreements with Providence Place Group Limited Partnership (PPG). The agreements state the terms by which the State shall perform with regard to a shopping mall, parking garage and related offsite improvements developed by PPG. The authority to enter into these agreements was provided in legislation passed by the General Assembly and signed by the Governor. This legislation further provided for payments to the developer, during the first 20 years only, of an amount equal to the lesser of (a) two-thirds of the amount of sales tax generated from retail transactions occurring at or within the mall or (b) \$3,600,000 in the first five years and \$3,560,000 in years 6 through 20.

The Employees' Retirement System of Rhode Island has contracted with a systems integration firm to design and build a new pension administration system. The total cost to the System is estimated at \$17.8 million, of which \$12.7 million has been expended through June 30, 2002. The remaining cost is estimated at \$5.1 million. Full implementation is expected by the second quarter of fiscal 2004. This will be financed in the same manner as other administrative expenses of the System.

The R.I. Convention Center Authority (RICCA) has entered into management contracts with vendors under which these vendors will provide various services relating to the operation of the convention center, parking garages, and hotel. In addition, RICCA has entered into a licensing agreement with a major hotel chain that permits the hotel to use its name, trademark, reservation system and other services.

Component Units

The R.I. Airport Corporation (RIAC), a subsidiary and component unit of RIEDC, was obligated for completion of certain airport improvements under commitments of approximately \$10,438,000 which is expected to be funded from current available resources and future operations.

The Narragansett Bay Commission has entered into various engineering and construction contracts for the design and improvement of its facilities as part of a capital improvement

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program. Commitments under these contracts aggregated approximately \$256,180,000 at June 30, 2002.

The R.I. Resource Recovery Corporation's (RIRRC) currently licensed landfill consists of areas known as Phases II, III, and IV. The capacity of Phase I was reached in May 1993. Phases II and III encompass 34 acres adjoining Phase I. Phase II consists of two areas, referred to as Area I and Area II. Waste disposal commenced on Area II in April 1993 and on Area I in March 1995. Phase III commenced in June 1997. Approximately \$10,621,000 in costs relating to Phase II and \$5,303,000 relating to Phase III have been incurred as of June 30, 2002, and are included in land and improvements in the financial statements. Phase IV consists of four eleven acre cells of which two cells began accepting refuse in September 2000. To date, \$25,672,059 has been expended on legal fees, permitting and engineering costs related to Phase IV, and other costs associated with readying the area for use, including relocation of a brook.

The Environmental Protection Agency (EPA) established closure and postclosure care requirements for municipal solid waste landfills as a condition for the right to operate a landfill in the current period. Based on RIRRC's engineers and independent engineering studies, it is estimated that these costs of closure and postclosure activities for Phase I, II and III will be approximately \$39,854,000. The liability at June 30, 2002 is approximately \$31,166,000, with \$8,201,000 remaining to be recognized. RIRRC recognizes an expense and a liability for these costs based on landfill capacity used to date. Based on the estimates of RIRRC's engineers, approximately 98% of landfill capacity for Phase II and III, which has approximately six months of estimated life remaining, has been used to date and approximately 43% of capacity of Phase IV has been used to date which has approximately two years of estimated life remaining. Amounts provided for closure and postclosure are based on current costs. These costs may be adjusted each year due to changes in the closure and postclosure care plan, inflation or deflation, technology, or applicable laws and regulations. RIRRC has designated investments in the amount of \$13,200,567 to meet the financial requirements of closure and postclosure costs, and plans to increase these designated investments each year to enable it to pay the costs as they are incurred.

In prior years, the EPA issued administrative orders requiring the RIRRC to conduct environmental studies of the landfill and undertake various plans of action. Additionally, in 1986, the landfill was named to the EPA's Superfund National Priorities List. The majority of the studies were completed and were submitted to the EPA for review. During 1996, the RIRRC entered into a consent decree with the EPA concerning remedial actions taken by the RIRRC for groundwater contamination. The consent decree, which was approved by the U.S. District Court on October 2, 1996, requires the establishment of a trust fund in the amount of \$27,000,000 for remedial purposes. The trust is included in restricted assets held in trust on RIRRC's balance sheet. As of June 30, 2002, the market value of the trust was \$25,356,139. The present value of the estimated remaining total expenditures relating to groundwater contamination that will be required as a result of the consent decree is estimated to be approximately \$17,930,000 and is recorded in the financial statements, net of the amount included in the trust fund.

RIRRC is required by the R.I. Department of Environmental Management to restore certain wetlands which are located at the Central Landfill. Total costs for this project are estimated to be approximately \$6,100,000. As of June 30, 2002, the corporation has incurred

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approximately \$436,000 of engineering and subcontracting costs and estimates that it will incur \$5,570,000 for the project during the fiscal year ending June 30, 2003.

RIRRC is committed, under various contracts and agreements, for a materials recovery facility and a methane gas collection-flare system.

In addition, RIRRC is required to grant funds to municipalities to assist them in organizing source separation and recycling programs in their communities.

RIRRC has entered into an agreement with the City of Cranston to furnish sewer and water services to RIRRC's Johnston facilities in exchange for payments by RIRRC.

The R.I. Housing and Mortgage Finance Corporation had loan commitments of \$19,649,000 under various loan programs at June 30, 2002.

The R.I. Turnpike and Bridge Authority has entered into various contracts for maintenance of its bridges. At June 30, 2002 remaining commitments on these contracts approximated \$1,200,000.

The R.I. Public Transit Authority is committed under construction contracts in the amount of \$2,645,962 at June 30, 2002.

The R.I. Higher Education Assistance Authority is required to return to the federal government \$4,310,909 in student loan reserve funds over a period of five years, such that the total is returned by September 1, 2002. The entire amount was returned on August 30, 2002.

The University of Rhode Island, Rhode Island College and Community College of Rhode Island have begun a technology modernization of core administration systems. This is being accomplished system wide through the Office of Higher Education and will be financed over a seven-year period beginning in fiscal year 2000 at a cost of \$3,700,000, \$2,200,000, and \$2,500,000, respectively.

Note 13. Contingencies

Primary Government

The State is involved in various civil lawsuits which could result in monetary loss to the State. The lawsuits are in various developmental stages, some to the point that a favorable decision, with no or minimal loss is anticipated, others, where the outcome and amount of loss, if any, cannot be determined and others which are still in the discovery stage.

Federal Grants

The State receives significant amounts of federal financial assistance under grant agreements which specify the purpose of the grant and conditions under which the funds may be used. Generally, these grants are subject to audit. Any disallowances as a result of these audits become a liability of the State. Although such audits could generate

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expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Moral Obligation Bonds

Some component units issue bonds with bond indentures requiring capital reserve funds. Moneys in the capital reserve fund are to be utilized by the trustee in the event scheduled payments of principal and interest by the component unit are insufficient to pay the bond holder(s). These bonds are considered "moral obligations" of the State when the General Laws require the executive director to submit to the Governor the amount needed to restore each capital reserve fund to its minimum funding requirement and the Governor is required to include the amount in the annual budget. At June 30, 2002 the R.I. Housing and Mortgage Finance Corporation and the R.I. Economic Development Corporation (RIEDC) had \$195,409,054 and \$59,115,000 respectively, in "moral obligation" bonds outstanding. Certain of the RIEDC bonds are economic development revenue bonds whereby the State will assume the debt if the employer reaches and maintains a specified level of full-time equivalent employees. The participating employers have certified that the employment level has been exceeded, thereby triggering credits toward the debt. As a result, the State anticipates paying approximately \$1,680,000 of the debt on the related economic development revenue bonds in fiscal year 2003.

Component Units

Tobacco Settlement Financing Corporation

In June 2002, the Corporation issued revenue bonds that are the sole obligation of the Corporation. The bonds are asset-backed instruments that are secured solely by the Tobacco Settlement Revenues (TSR's) receivable by the Corporation. The State sold to the Corporation its future rights in the (TSR's) under the Master Settlement Agreement and the Consent Decree and Final Judgement (the MSA). When the Corporation's obligations with the bonds have been fulfilled, the TSR's will revert back to the State.

The Corporation's rights to receive TSR's are expected to produce funding for its obligations. The TSR payments are dependent on a variety of factors, which include:

- the financial capability of the participating cigarette manufacturers to pay TSR's;
- future cigarette consumption which impacts the TSR payment; and
- future legal and legislative challenges against the tobacco manufacturers and the master settlement agreement that provides for the TSR payments.

Litigation has been filed against tobacco manufacturers as well as certain states and public entities. The lawsuits allege, among other claims, that the Master Settlement Agreement (MSA) violates provisions of the U.S. Constitution, state constitutions, federal antitrust and civil rights laws, state consumer protection laws; these actions, if ultimately successful, could result in a determination that the MSA is void or unenforceable. The lawsuits seek to prevent the states from collecting any monies under the MSA, and/or a determination that prevents the tobacco manufacturers from collecting MSA payments through price increases to cigarette consumers. In addition, class action lawsuits have been filed in jurisdictions alleging violations of state Medicaid agreements. To date, no such lawsuits have been successful. The enforcement of the terms of the MSA may

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continue to be challenged in the future. In the event of an adverse court ruling, the corporation may not have adequate financial resources to service its debt obligations.

R.I. Student Loan Authority

The R.I. Student Loan Authority (RISLA) maintains letters of credit in the original stated amount of \$31,940,000 on its January 1995 weekly adjustable interest rate bonds and the originally stated amount of \$69,203,000 on its April 1996 Series I, II and III variable rate bonds. The letters of credit obligate the letter of credit provider to pay to the trustee an amount equal to principal and interest on the bonds when the same becomes due and payable (whether by reason of redemption, acceleration, maturity or otherwise) and to pay the purchase price of the bonds tendered or deemed tendered for purchase but not remarketed. The RISLA also maintains a standby letter of credit in the original stated amount of \$30,000,000 on its March 2000 issue. The letters of credit will expire on the earliest to occur: a) July 28, 2004, for the January 1995 and April 1996 issue, and March 15, 2003 for the March 2000 issue; b) the date the letter of credit is surrendered to the letter of credit provider; c) when an alternative facility is substituted for the letter of credit; d) when the bonds commence bearing interest at a fixed rate; e) when an event of default has occurred or f) when no amount becomes available to the trustee under the letter of credit.

The RISLA also has an available \$20,000,000 line of credit. Interest is based upon one month London Inter-Bank Offer Rate (LIBOR) plus thirty basis points adjusted weekly. The line of credit is secured by eligible loans of RISLA. Minimum drawdowns on the line of credit are \$100,000 and all proceeds are to be used to purchase or originate eligible student loans. As of June 30, 2002, there was no outstanding balance.

R.I. Public Transit Authority

The R.I. Public Transit Authority has a \$2,000,000 line of credit with a financial institution. The line of credit is due on demand with interest payable at a floating rate at the financial institution's base rate or fixed rate options at the financial institution's cost of funds plus 2.00%. No amount was due under this line of credit at June 30, 2002.

R.I. Children's Crusade for Higher Education

The R.I. Children's Crusade for Higher Education has a \$500,000 line of credit agreement that matures on December 31, 2003. Interest is payable monthly at the prime rate. There was no outstanding balance at June 30, 2002.

Note 14. Employer Pension Plans

Plan Descriptions

The State, through the Employees' Retirement System (System), administers four defined benefit pension plans. Three of these plans; the Employees' Retirement System (ERS), a cost-sharing multiple-employer defined benefit pension plan and the Judicial Retirement Benefits Trust (JRBT) and the State Police Retirement Benefits Trust (SPRBT), single-employer defined benefit pension plans; cover most State employees. The State does not

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contribute to the Municipal Employees' Retirement System, an agent multiple-employer defined benefit pension plan. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The level of benefits provided to State employees, which is subject to amendment by the general assembly, is established by the General Laws as listed below. In addition to the State, there are 40 local public school entities that are members of the ERS. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained by writing to the Employees' Retirement System, 40 Fountain Street, Providence, RI 02903.

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the System are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Dividend income is recorded on the ex-dividend date. The gains or losses on foreign currency exchange contracts are included in income in the period in which the exchange rates change. Gains and losses on contracts which hedge specific foreign currency denominated commitments are deferred and recognized in the period in which the transaction is completed. Investment transactions are recorded on a trade date basis.

Method Used to Value Investments

Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller - that is, other than a forced liquidation sale. The fair value of fixed income and domestic and international stocks are generally based on published market prices and quotations from national security exchanges and securities pricing services. Real estate is primarily valued on appraisals by independent appraisers or as adjusted by the general partner. Other securities and investments, which are not traded on a national security exchange, are valued by the respective fund manager. Short-term investments are stated at cost, which approximates fair value. Unit Investment Trusts (UIT) consist primarily of domestic and international institutional funds. The fair value of the UITs are based on the reported share value of the respective fund. Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded.

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Funding Policy and Annual Pension Cost

The State's annual pension cost (expressed in thousands) for the current year and related information for each plan is listed below. The most recent actuarial information may be found in the separately issued audit report referred to above.

	Employees' Retirement System	State Police Retirement Benefits Trust	Judicial Retirement Benefits Trust
Contribution rates:			
State	5.59%	27.10%	30.66%
Plan members - state employees	8.75%	8.75%	8.75%
State contribution for teachers	3.67% and 4.22%		
Annual pension cost	\$62,565	\$2,405	\$1,458
Contributions made - state employees	\$31,802	\$2,405	\$1,458
Contributions made - teachers	\$30,763		
Actuarial valuation date	June 30, 1999	June 30, 1999	June 30, 1999
Actuarial cost method	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization method	Level Percent of Payroll - Closed	Level Percent of Payroll - Closed	Level Percent of Payroll - Closed
Equivalent Single Remaining Amortization Period	16 years	23 years	28 years
Asset valuation method	5 Year Smoothed Market	5Year Smoothed Market	5Year Smoothed Market
Actuarial Assumptions:			
Investment rate of return	8.25%	8.25%	8.25%
Projected salary increases	4.75% to 8.75%	5% to 15.00%	5.50%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	3% compounded annually	\$1,500 per annum	3% of original retirement, compounding varies
Level of benefits established by:			
General Law(s)	36-8 to 10	42-28-22.1	8-3-16, 8-8-10.1, 8-8-2-7 and 28-30-18.1

Three-Year Trend Information

	Year Ending	Annual Pension Cost (APC) (In Thousands)	Percentage of APC Contributed	Net Pension Obligation
Employees' Retirement System	6/30/00	\$ 85,073	100%	\$ 0
	6/30/01	79,906	100%	0
	6/30/02	62,565	100%	
State Police Retirement Benefits Trust	6/30/00	1,509	100%	0
	6/30/01	1,820	100%	0
	6/30/02	2,405	100%	
Judicial Retirement Benefits Trust	6/30/00	1,008	100%	0
	6/30/01	1,164	100%	0
	6/30/02	1,458	100%	

Other

Certain employees of the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island (principally faculty and administrative personnel) are covered by individual annuity contracts with the Teachers' Insurance and Annuity Association. Total expenditures by the institutions for such annuity contracts amounted to \$11,421,826 during the year ended June 30, 2002.

The R.I. Public Transit Authority has two pension plans that cover employees meeting certain eligibility requirements. Employer contribution paid in fiscal year 2002 was \$2,567,799. At January 1, 2002, the most recent valuation date, the total pension benefit obligation was \$40,368,420 and net assets available for benefits were \$19,114,761.

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Certain other component units have defined contribution pension and savings plans. For information regarding these pension and savings plans, please refer to the component units' separately issued financial reports.

Note 15. Postemployment Benefits

In accordance with the General Laws, postretirement health care benefits are provided to State employees who retire on or after July 1, 1989. The benefits in general cover medical and hospitalization costs for pre-Medicare retirees and a Medicare supplement for Medicare-eligible retirees. The State's share varies with years of service and ranges from 50% for retirees with 10-15 years of service to 100% for retirees with 35 years of service. During fiscal year 2002, the State contributed 0.95% of covered payroll for postretirement healthcare benefits. The contribution rates are not actuarially determined. Postretirement health care expenses for the fiscal year ended June 30, 2002 were \$5,004,743 net of retirees' contributions for the 3756 retirees receiving benefits.

In addition to the pension benefits described above, expenditures of \$908,098 were recognized for postretirement benefits provided under early retirement incentive programs (an average of \$937 for each of the 969 retirees covered by the plans).

The above plans are financed on a pay-as-you-go basis.

Note 16. Deferred Compensation

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The Department of Administration pursuant to Chapter 36-13 of the General Laws administers the plan. The Department of Administration contracts with private corporations to provide investment products related to the management of the deferred compensation plan. Benefit payments are not available to employees earlier than the calendar year in which the participant attains age 70½, termination, retirement, death or "unforeseeable emergency".

Current Internal Revenue Service regulations require that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors. The plan assets also may be held in annuity contracts or custodial accounts, which are treated as trusts.

The State does not serve in a trustee capacity. Accordingly, the plan assets are not included in the financial statements.

Note 17. Fund Deficits

The R.I. Convention Center Authority, a blended component unit and major enterprise fund, has a deficit of \$55,100,000. This consists primarily of the negative \$84,944,000 investment in capital assets net of related debt. The deficit will be reduced by a combination of debt reduction and future increases in net assets.

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Note 18. Condensed Financial Statement Information

The condensed financial statement information for the discretely presented component units is presented (expressed in thousands) in the following schedules:

	RIHMFC	RISLA	RITBA	RIEDC	NBC
Other assets	\$ 2,038,783	\$ 860,854	\$ 40,285	\$ 192,857	\$ 36,020
Capital assets - nondepreciable			6,799	77,291	80,371
Capital assets - depreciable (net)		702	46,424	259,633	183,542
Due from primary government				585	17
Long term debt	1,570,039	782,405	37,240	282,053	91,080
Other liabilities	228,086	24,490	4,343	20,259	14,573
Due to primary government					
Net assets:					
Invested in capital assets, net of related debt	16,876	702	14,203	140,168	172,560
Restricted	205,741	51,898	5,515	64,122	45
Unrestricted	18,041	2,061	32,207	23,764	21,692
Operating expenses	108,894	38,369	3,714	41,855	23,952
Depreciation, depletion, and amortization	2,818	614	962	14,961	5,849
Program revenue	90,973	41,799	11,874	50,098	36,710
Net program (expense) revenue	(20,739)	2,816	7,198	(6,718)	6,909
Interest revenue	29,267	3,684	2,402	4,999	245
Gain (loss) on sale of assets			7	(234)	
Net increase in fair value of investments	1,237	(4)			
Miscellaneous					
Transfers from primary government				13,058	
Transfers (to) primary government					
Special and extraordinary items	(2,790)				
Change in net assets	6,975	6,496	7,685	8,857	13,340
Beginning net assets	233,683	48,165	44,240	219,197	180,957
Ending net assets	240,658	54,661	51,925	228,054	194,297

	RIHEBC	RIRRC	DEPCO	RIHEAA	RIPTA	RIIFC
Other assets	\$ 10,488	\$ 86,263	\$ 9,106	\$ 14,325	\$ 14,955	\$ 1,179
Capital assets - nondepreciable		17,550		194	20,143	
Capital assets - depreciable (net)	8	53,474		1,228	73,583	
Due from primary government					2,461	
Long term debt		19,945				
Other liabilities	112	56,611	466	1,277	17,264	562
Due to primary government					1,147	
Net assets:						
Invested in capital assets, net of related debt	8	51,485		1,422	93,726	
Restricted		(8,294)	8,640	8,234		
Unrestricted	10,376	37,540		4,814	(995)	617
Operating expenses	970	38,356	980	12,323	58,992	33
Depreciation, depletion, and amortization	3	11,369		203	6,854	
Program revenue	1,291	52,642	7,422	9,171	31,146	177
Net program (expense) revenue	318	2,917	6,442	(3,355)	(34,700)	144
Interest revenue	187	386	271	441	156	8
Gain (loss) on sale of assets		109			(100)	
Net increase in fair value of investments						
Miscellaneous						
Transfers from primary government				6,951	29,053	
Transfers (to) primary government		(3,000)	(17,509)		(783)	
Special and extraordinary items						
Change in net assets	505	23	(10,796)	4,031	17,562	152
Beginning net assets	9,879	80,708	19,436	10,439	75,169	465
Ending net assets	10,384	80,731	8,640	14,470	92,731	617

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	RICWFA	RIIRBA	RIWRBC	RIPTCA	RICCHE
Other assets	\$ 428,373	\$ 3,412	\$ 16,346	\$ 2,243	\$ 59,748
Capital assets - nondepreciable		181		821	
Capital assets - depreciable (net)	31	439		3,636	90
Due from primary government			76		
Long term debt	203,145		15,345	6,031	
Other liabilities	10,206	1,765	1,459	256	65,144
Due to primary government			1,144	5	
Net assets:					
Invested in capital assets, net of related debt	31	620		(1,324)	90
Restricted	210,774		(2,121)		
Unrestricted	4,248	1,647	595	1,732	(5,396)
Operating expenses	11,527	148	17	3,245	7,398
Depreciation, depletion, and amortization	101	14	113	717	51
Program revenue	35,606	243	1,489	2,951	(2,729)
Net program (expense) revenue	23,978	81	1,359	(1,011)	(10,178)
Interest revenue		73	330		295
Gain (loss) on sale of assets					
Net increase in fair value of investments			32	(213)	
Miscellaneous					
Transfers from primary government				1,158	1,752
Transfers (to) primary government	62,610				
Special and extraordinary items					
Change in net assets	86,588	154	868	(347)	(8,131)
Beginning net assets	128,465	2,113	(2,394)	755	2,825
Ending net assets	215,053	2,267	(1,526)	408	(5,306)

	TSFC	URI	RIC	CCRI	CFSD	Totals
Other assets	\$ 686,702	\$ 75,758	\$ 23,766	\$ 9,336	\$ 6,666	\$ 4,617,465
Capital assets - nondepreciable		74,621	2,441	1,985		282,397
Capital assets - depreciable (net)		152,698	48,089	33,969	1,296	858,842
Due from primary government					1,336	4,475
Long term debt	685,390	118,805	20,861	11,553	1,433	3,845,325
Other liabilities		48,761	14,560	4,087	3,631	517,912
Due to primary government				1,144		3,440
Net assets:						
Invested in capital assets, net of related debt		124,188	33,999	32,255	1,286	682,295
Restricted	1,312	12,543	8,202	821	1,331	568,763
Unrestricted		(1,222)	(3,326)	(4,570)	1,617	145,442
Operating expenses		267,312	84,605	74,269	39,017	815,976
Depreciation, depletion, and amortization		9,943	4,993	2,275	93	61,933
Program revenue		196,588	46,276	34,663	7,553	655,943
Net program (expense) revenue		(80,667)	(43,322)	(41,881)	(31,557)	(221,966)
Interest revenue	1,312				131	44,187
Gain (loss) on sale of assets						(218)
Net increase in fair value of investments		2,566				3,618
Miscellaneous						
Transfers from primary government		84,267	43,583	40,743	33,274	316,449
Transfers (to) primary government		(2,642)	(818)	(27)		(24,779)
Special and extraordinary items						(2,790)
Change in net assets	1,312	32,517	6,763	1,782	1,848	178,184
Beginning net assets		102,992	32,112	26,724	2,386	1,218,316
Ending net assets	1,312	135,509	38,875	28,506	4,234	1,396,500

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Significant transactions between primary government and component units

	Revenue (Expenses)	Description
Governmental activities		
General Fund		
R.I. Depositors Economic Protection Corporation	\$ 17,500	Surplus
R.I. Higher Education Assistance Authority	(6,934)	Operating assistance
R.I. Economic Development Corporation	(13,068)	
University of Rhode Island	(85,148)	Educational assistance
Rhode Island College	(43,583)	Educational assistance
Community College of Rhode Island	(40,743)	Educational assistance
Central Falls School District	(33,266)	Educational assistance
ISTEA Fund		
R.I. Public Transit Corporation	(62,543)	Operating assistance
Capital Projects		
R.I. Economic Development Corporation	(5,521)	Construction, improvement or purchase of assets
Narragansett Bay Commission	(9,143)	Construction or purchase of assets and premium on bonds
R.I. Clean Water Finance Agency	(59,760)	Bond proceeds
University of Rhode Island	(25,444)	Construction, improvement or purchase of assets
Rhode Island College	(5,566)	Construction, improvement or purchase of assets
Total Governmental Activities	<u>\$ (373,219)</u>	

Note 19. Risk Management

The State is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee injury; and natural disasters.

The State has entered into agreements with commercial insurance companies for comprehensive insurance coverage on State property to protect the State against loss from fire and other risks. Furthermore, the State is required by the General Laws to provide insurance coverage on all motor vehicles owned by the State and operated by State employees in the sum of \$100,000 per person and \$300,000 per accident for personal injury and \$20,000 for property damage. The State also contracts with various insurance carriers and health maintenance organizations to provide health care benefits to employees.

The State is self-insured for risks of loss related to torts. Tort claims are defended by the State's Attorney General and, when necessary, appropriations are provided to pay claims.

The State is self-insured for various risks of loss related to work related injuries of State employees. The State maintains the Assessed Fringe Benefits Fund, an internal service fund that services, among other things, workers' compensation claims. Funding is provided through a fringe benefit rate applied to State payrolls on a pay-as-you-go basis.

There are no funds reserved for pending claims or incurred but not reported liabilities.

Note 20. Extraordinary and Special Items

In June 2002, the State sold to the Tobacco Settlement Financing Corporation (a discretely presented component unit) its future rights in the Tobacco Settlement Revenues (TSR's) under the master Settlement Agreement and the Consent Decree and Final Judgement (the MSA). The amount received by the State (\$544,238,410) is included as a special item on the government-wide statement of activities and fund financial statements.

State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2002

During fiscal 2002 the State used \$295 million of cash to defease \$277 million (carrying amount) of bonds and certificates of participation. As a result of this transaction, the State incurred a loss of \$18 million which is included in special items. The cash used to defease the bonds and certificates of participation was provided by the State's sales of its rights to future tobacco settlement revenues as described above.

The R.I. Housing and Mortgage Finance Corporation periodically retires bonds prior to the redemption date. Deferred bond issuance costs, along with any premium paid on the call, in the amount of \$2,789,666 were reported as an extraordinary loss in fiscal year 2002.

Note 21. Related Party Transactions

The State sold its future rights in the Tobacco Settlement Revenues (TSR's) under the Master Settlement Agreement and the consent Decree and Final Judgment to the Tobacco Settlement Financing Corporation for \$544,238,410. The Tobacco Settlement Financing Corporation issued \$685,390,000 of its Tobacco Settlement Asset Backed Bonds in June 2002 to finance the costs of acquisition of the rights to the "state's tobacco receipts". The Corporation's bonds are payable both as to principal and interest solely out of the assets of the corporation pledged for such purpose; and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to payment of the principal on the bonds. The bonds of the corporation do not constitute an indebtedness of or a general, legal or "moral" obligation of the State or any political subdivision of the State. The Corporation is included as a discretely presented component unit.

Funds held by the University of Rhode Island Foundation for the future use of the university and its faculty and students are not reflected in the accompanying financial statements. Funds held at June 30, 2002 amounted to \$68,728,573. Distributions of \$13,601,375 during the fiscal year ended June 30, 2002 are included in private and capital gift revenue of the university.

Funds held by the Rhode Island College Foundation for the future use of the college and its faculty and students are not reflected in the accompanying financial statements. Funds held at June 30, 2002 amounted to approximately \$7,748,605. Distributions of \$595,841 during the fiscal year ended June 30, 2002 are included in private and capital gift revenue of the university.

The R.I. Industrial-Recreational Building Authority is authorized to insure mortgages and first security agreements for companies conducting business in the State, granted by financial institutions and the R.I. Industrial Facilities Corporation.

The State entered into a lease and operating agreement (the agreement) with the R.I. Airport Corporation (RIAC) a subsidiary of the R.I. Economic Development Corporation providing for the lease and/or transfer from the State to the RIAC all real, personal, and tangible property; intangible property, including accounts receivable, contract rights, choices in action, licenses, permits, grants, and entitlements; and all other assets of the State used or used primarily in connection with the administration, maintenance, management, regulation, operation, improvement, development or use of the State's six airports and other air

State of Rhode Island and Providence Plantations
Notes to the Basic Financial Statements
June 30, 2002

facilities. RIAC agrees to reimburse the State for principal and interest payments for certain airport related General Obligation Bonds. The term of the agreement is 35 years beginning July 1, 1993, with annual rent of \$1.00.

Note 22. Subsequent Events

Primary Government – Governmental Activities

In November 2002, the State issued \$77,140,000 of general obligation bonds. The interest rate on these bonds ranged from 4.00 to 5.25% with maturities from 2003 to 2022.

In November 2002, the voters authorized the State to issue an additional \$132,500,000 of general obligation bonds.

In December 2002, the State issued \$62,765,000 of general obligation bonds. The interest rate on these bonds ranged from 3.00 to 5.25% with maturities from 2003 to 2013.

In December 2002, the State issued \$150,000,000 of general obligation tax anticipation notes. The interest rate on these notes is 2.5% and are due on June 30, 2003.

In December 2002, the State issued \$3,890,000 of certificates of participation to finance the purchase of state vehicles.

Primary Government - Business-Type Activities

In June 2003, the R.I. Convention Center Authority issued refunding revenue bonds in the amount of \$58,285,000. As a result of this in-substance defeasance, total debt service requirements were reduced by approximately \$6,000,000.

Component Units

In September and December 2002, the R.I. Housing and Mortgage Finance Corporation (RIHMFC) issued bonds in the amount of \$78,250,000 and \$75,335,000, respectively. In February and March 2003, the Corporation issued bonds in the amount of \$37,765,000 and \$72,165,000 respectively. In October 2002, RIHMFC also called \$71,315,000 of bonds outstanding at June 30, 2002. In June 2003, RIHMFC issued \$45,000,000 Homeownership Opportunity Bonds and Notes. In August 2003, RIHMFC issued \$33,460,000 Housing Bonds.

In October 2002 and May 2003, the R.I. Clean Water Finance Agency issued refunding revenue bonds in the amount of \$76,035,000 and \$14,870,000, respectively.

In November 2002, the R.I. Water Resources Board Corporation issued refunding revenue bonds in the amount of \$11,835,000 to refund \$7,705,000 of Series 1994 revenue bonds.

State of Rhode Island and Providence Plantations
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June 30, 2002

In February 2003, the R.I. Student Loan Authority issued revenue bonds in the amount of \$140,000,000. In addition, in April 2003, \$30,000,000 of refunding revenue bonds were issued to refund \$30,000,000 of the March 2000 bonds outstanding.

In May 2003, the R.I. Refunding Bond Authority issued refunding revenue bonds in the amount of \$67,625,000, which together with amounts available in debt service reserve funds were used to refund \$84,910,000 of outstanding bonds.

In July 2003, the R.I. Turnpike and Bridge Authority issued taxable refunding revenue bonds in the amount of \$35,765,000 to refund Series 1997 revenue bonds.

Since June 30, 2002, the R.I. Health and Educational Building Corporation has issued various conduit debt obligations which are not obligations of RIHEBC or the State and are therefore not reported in the financial statements.

Component units

In early 2003, the Tobacco Settlement Financing Corporation's debt obligations, along with all other tobacco securitization debts of other jurisdictions, were placed on rating watch by the three major credit rating agencies. In addition, the ratings assigned to the corporation's debt obligations were uniformly downgraded by each of the three rating agencies. These actions by the agencies reflect the potential result of heightened litigation risks facing cigarette manufacturers, increasing competition from discounted brands, and the expectation of continuing declines in domestic cigarette consumption, as well as other factors.

REQUIRED SUPPLEMENTARY INFORMATION

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 2,056,900	\$ 1,892,050	\$ 1,905,131	\$ 13,081
Licenses, fines, sales, and services	182,256	186,200	186,927	727
Departmental restricted revenue	108,992	79,649	77,038	(2,611)
Federal grants	1,531,711	1,600,500	1,289,575	(310,925)
Other revenues	55,094	54,500	56,438	1,938
Total revenues	3,934,953	3,812,899	3,515,109	(297,790)
Other financing sources:				
Operating transfers in	189,475	348,600	469,143	120,543
Operating transfers from component units		20,500	26,721	6,221
Other	90,232	82,833	83,142	309
Total revenues and other financing sources	4,214,660	4,264,832	4,094,115	(170,717)

Expenditures:

DEPARTMENT OF ADMINISTRATION

Central Management

General Revenue Total	1,835	1,904	1,984	(80)
Federal Funds Total	205	207	93	114
Total - Central Management	2,040	2,110	2,077	34

Accounts & Control

General Revenue	4,747	5,811	5,717	94
RI e-Government Fund- RI - SAIL	2,000	2,065	2,012	53
Total - Accounts & Control	6,747	7,876	7,730	147

Budgeting

General Revenue Total	2,107	2,101	2,049	52
Total - Budgeting	2,107	2,101	2,049	52

Municipal Affairs

General Revenue Total	1,236	1,136	1,175	(39)
Federal Funds Total	7,500	8,618	4,918	3,700
Total - Municipal Affairs	8,737	9,754	6,092	3,661

Purchasing

General Revenue Total	2,101	2,165	1,978	187
Total - Purchasing	2,101	2,165	1,978	187

Auditing

General Revenue Total	1,510	1,542	1,513	29
Total - Auditing	1,510	1,542	1,513	29

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<i>Human Resources</i>				
General Revenue Total	6,481	6,791	6,836	(45)
Federal Funds Total		14	14	
<i>Total - Human Resources</i>	6,481	6,805	6,850	(45)
<i>Personnel Appeal Board</i>				
General Revenue Total	131	112	106	6
<i>Total - Personnel Appeal Board</i>	131	112	106	6
<i>Taxation</i>				
Motor Fuel Tax Evasion Program	90	91	57	34
Temporary Disability Insurance	642	584	404	180
General Revenue	14,814	15,948	16,615	(667)
Federal Funds Total	1,306	1,189	328	861
Restricted Receipts Total	335	490	1,995	(1,505)
<i>Total - Taxation</i>	17,188	18,301	19,399	(1,097)
<i>Registry of Motor Vehicles</i>				
Auto Emission CMAQ	11		55	(55)
Registration Denial Program		110		110
General Revenue	13,794	14,152	14,199	(47)
RI e-Government Fund - OLIS Support - RMV Syst	350	200	200	
RI e-Government Fund - Digital License System	150	300		300
Federal Funds Total		394	146	248
Restricted Receipts Total	16	16	14	2
<i>Total - Registry of Motor Vehicles</i>	14,321	15,172	14,615	558
<i>Child Support</i>				
General Revenue Total	3,193	3,173	2,348	825
Federal Funds Total	7,268	7,093	6,897	196
<i>Total - Child Support</i>	10,461	10,266	9,244	1,021
<i>Central Services</i>				
Lighting Conservation	661	661	143	518
General Revenue	11,912	11,708	12,192	(484)
Energy Office Grants	381	1,284	766	518
Federal Funds Total	18,544	18,250	13,925	4,325
Restricted Receipts Total	1,050	1,317	443	874
<i>Total - Central Services</i>	32,548	33,221	27,469	5,751
<i>Office of Library & Information Services</i>				
Federal Highway - PL Systems Planning	851	921	577	344
Federal Highway - T2 Systems Planning	118	128	147	(19)
Air Quality Modeling	20	20	6	14
General Revenue Total	2,606	2,566	2,429	137

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Federal Funds Total	1,357	1,219	1,031	188
Restricted Receipts Total	11	10	5	5
Total - Office of Library & Information Services	4,964	4,864	4,195	669
General				
RICAP - State House Renovations (Phase 1)		100	45	55
RICAP - A-Building Stabilization - Pastore Center	100			
RICAP - State House Skylights and Roof Repairs	1,733	3,246	2,662	584
RICAP - State House Terrace/South Stairs	2,903	2,163	1,860	303
RICAP - Chapin Health Laboratory	300	116	147	(31)
RICAP - Cranston Street Armory	1,000	795	942	(147)
RICAP - Cannon Building	150	288	214	74
RICAP House & Senate Chambers Renovations			9	(9)
RICAP - Second State House Elevator		12		12
RICAP - Ladd Center - Infrastructure		974	600	374
RICAP - Old State House	35	50		50
RICAP - State Office Building	200	110	13	97
RICAP - Veterans Office Building		73	24	49
RICAP - State Information Operations Center	200			
RICAP - Old Colony House	200	200	83	117
RICAP - Court Buildings - HVAC	362			
RICAP - Asset Inventory	50	300	133	167
RICAP - Washington County Government Center	395	77	78	(1)
RICAP - State House Renovations - Phase II	593	76	30	46
RICAP - Board of Elections Building	50	25	2	23
RICAP - Environmental Compliance	900	750	315	435
RICAP - Fox Point Hurricane Barrier	50	50	50	
General Revenue	11,419	10,259	10,147	112
Contingency Fund		1,771	350	1,421
Economic Development Corporation	7,827	7,827	7,822	5
Centers of Excellence	3,000	3,000	3,000	
Housing Resources Commission	8,652	3,651	3,586	65
Race and Police Community Relations Commission	300	300	295	5
Motor Vehicle Excise Tax Payment	97,203	99,565	99,467	98
Property Valuation	1,073	1,120	1,015	105
General Revenue Sharing Program	43,621	43,621	43,621	
Payment in Lieu of Tax Exempt Properties	18,152	18,152	18,134	18
Distressed Communities Relief Program	7,400	7,500	7,638	(138)
Resource Sharing and State Library Aid	6,319	6,319	6,287	32
Library Construction Aid	2,281	2,046	2,047	(1)
Federal Funds	700	700	484	216

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Restricted Receipts Total	566	1,266	932	334
Total - General	217,733	216,502	212,033	4,470
Debt Service Payments				
DEM - Narragansett Bay Commission	5,067	5,045	4,917	128
DEM - Clean Water Finance Agency	3,834	1,759	1,759	
DEM - Wasterwater Treatment	6,099	9,830	9,789	41
DEM Debt Service - Recreation		5,339	5,763	(424)
RIPTA Debt Service	772	783	783	
MHRH Com Services		6,777	6,597	180
MHRH Comm. Mental Health		2,749	2,676	73
Transportation Debt Service	42,085	42,075	41,088	987
RIRBA - DLT Temporary Disability Insurance	60	60	38	22
COPS - DLT Building - Other	360	384	340	44
COPS - Center General - Furniture - TDI	2	2	21	(19)
COPS - Pastore Center Telecomm - TDI	20	20	19	1
Debt - URI Education and General	963	1,088	1,089	(1)
Debt - URI Housing Loan Funds	1,846	1,889	1,752	137
Debt - URI Dining Services	265	267	267	
Debt - URI Health Services	125	126	126	
Debt - W. Alton Jones Services	111	112	113	(1)
Debt - URI Memorial Union	98	98	98	
Debt - URI Sponsored Research (Indirect Cost)	101	101	101	
Debt - RIC Education and General	297	296	296	
Debt - RIC Housing	568	561	561	
Debt - RIC Student Center and Dining	178	178	178	
Debt - RIC Student Union	255	197	197	
Debt - CCRI Bookstore	177	177	177	
Debt Service Special Accounts			9,112	(9,112)
Debt Service Payments	115,959	93,330	96,041	(2,711)
Federal Funds	1,632	1,561	1,418	143
Restricted Receipts Total	5,962	5,892	2,906	2,986
Total - Debt Service Payments	186,837	180,699	188,222	(7,526)
Sheriffs				
General Revenue Total	12,246	12,094	11,844	250
Total - Sheriffs	12,246	12,094	11,844	250
Total - DEPARTMENT OF ADMINISTRATION	526,150	523,584	515,416	8,167

DEPARTMENT OF BUSINESS REGULATION

Central Management

General Revenue Total	1,434	1,505	1,518	(13)
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State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Total - Central Management	1,434	1,505	1,518	(13)
Banking Regulation				
General Revenue Total	1,470	1,355	1,339	16
Total - Banking Regulation	1,470	1,355	1,339	16
Securities Regulation				
General Revenue Total	665	645	643	2
Total - Securities Regulation	665	645	643	2
Commercial Licensing and Regulation				
General Revenue Total	916	1,015	1,002	13
Restricted Receipts Total	100	100	10	90
Total - Commercial Licensing and Regulation	1,016	1,115	1,012	103
Racing and Athletics				
General Revenue Total	685	668	665	3
Total - Racing and Athletics	685	668	665	3
Insurance Regulation				
General Revenue	3,503	3,429	3,302	127
Gramm, Leach, Bliley Act		489		489
Restricted Receipts Total	357	480	231	249
Total - Insurance Regulation	3,861	4,398	3,533	865
Board of Accountancy				
General Revenue Total	189	167	139	28
Total - Board of Accountancy	189	167	139	28
Total - DEPARTMENT OF BUSINESS REGULATION	9,319	9,854	8,850	1,004
DEPARTMENT OF LABOR AND TRAINING				
Central Management				
General Revenue Total	280	386	320	66
Director of Workers' Compensation	471	775	680	95
Total - Central Management	751	1,161	999	161
Workforce Development Services				
Federal Funds Total	20,406	24,444	18,128	6,316
ES - Reemployment Program	1,127	1,018	633	385
Human Resource Investment Council	9,113	9,183	9,411	(228)
Reed Act-Rapid Job Entry		289		289
Job Development Fund DLT Admin	267	40	77	(37)
HRIC - Supportive Work/Rapid Job Entry		1,711	1,873	(162)
Total - Workforce Development Services	30,913	36,685	30,122	6,563
Workforce Regulation and Safety				

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
General Revenue Total	3,688	3,801	3,737	64
Total - Workforce Regulation and Safety	3,688	3,801	3,737	64
Income Support				
General Revenue Total	2,654	2,701	2,880	(179)
Federal Funds Total	18,227	18,535	15,464	3,071
Restricted Receipt Total	1,990	705	484	221
Total - Income Support	22,871	21,941	18,828	3,113
Injured Workers Services				
Restricted Receipts Total	9,307	8,962	8,918	44
Total - Injured Workers Services	9,307	8,962	8,918	44
Labor Relations Board				
General Revenue Total	339	357	354	3
Total - Labor Relations Board	339	357	354	3
Total - DEPARTMENT OF LABOR AND TRAINING	67,869	72,907	62,959	9,948
GENERAL ASSEMBLY				
General Assembly				
General Revenue Total	24,887	28,389	26,037	2,352
Restricted Receipts Total	757	759	892	(133)
Total - General Assembly	25,644	29,148	26,929	2,219
Total - GENERAL ASSEMBLY	25,644	29,148	26,929	2,219
OFFICE OF THE LIEUTENANT GOVERNOR				
Lt. Governor's Office - General				
General Revenue Total	765	760	757	3
Total - Lt. Governor's Office - General	765	760	757	3
Total - OFFICE OF THE LIEUTENANT GOVERNOR	765	760	757	3
DEPARTMENT OF STATE				
Administration				
General Revenue Total	1,166	1,252	1,139	113
Total - Administration	1,166	1,252	1,139	113
Corporations				
General Revenue	1,427	1,434	1,475	(41)
RI e-Gov Fund - UCC Automated System	250	250	111	139
Total - Corporations	1,677	1,684	1,586	98
State Archives				
General Revenue Total	281	280	307	(27)
Federal Funds Total	19	24	17	7

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Restricted Receipts Total	193	190	261	(71)
Total - State Archives	493	493	585	(91)
Elections				
General Revenue Total	468	466	465	1
Total - Elections	468	466	465	1
State Library				
General Revenue Total	704	705	701	4
Total - State Library	704	705	701	4
Office of Public Information				
General Revenue Total	481	481	520	(39)
Total - Office of Public Information	481	481	520	(39)
Total - DEPARTMENT OF STATE	4,988	5,083	4,997	86
TREASURY DEPARTMENT				
Treasury				
General Revenue Total	2,584	2,643	2,627	16
Federal Funds Total	265	214	185	29
Restricted Receipts Total	16	11	11	
Total - Treasury	2,865	2,868	2,823	45
State Retirement System				
Administrative Expenses - State Retirement System	11,148	11,220	9,427	1,793
Retirement-Treasury Investment Operations	542	567	516	51
Total - State Retirement System	11,690	11,788	9,943	1,844
Unclaimed Property				
Restricted Receipts Total	9,383	9,080	8,256	824
Total - Unclaimed Property	9,383	9,080	8,256	824
RI Refunding Bond Authority				
General Revenue Total	68	82	55	27
Total - RI Refunding Bond Authority	68	82	55	27
Crime Victim Compensation Program				
General Revenue Total	2,420	2,399	2,398	1
Federal Funds Total	1,497	1,500	1,813	(313)
Restricted Receipts Total	1,728	1,740	1,619	121
Total - Crime Victim Compensation Program	5,645	5,639	5,830	(191)
Total - TREASURY DEPARTMENT	29,651	29,456	26,907	2,549
BOARD FOR DESIGN PROFESSIONALS				
Boards For Professional Design				
General Revenue Total	350	363	348	15
Total - Boards For Professional Design	350	363	348	15

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Total - BOARD FOR DESIGN PROFESSIONALS	350	363	348	15
BOARD OF ELECTIONS				
<i>Board Of Elections</i>				
General Revenues	2,120	2,151	2,190	(39)
RI e-Gov Fund - Electronic Campaign Finance Syst	330	330	264	66
Total - Board Of Elections	2,450	2,481	2,454	27
Total - BOARD OF ELECTIONS	2,450	2,481	2,454	27
RHODE ISLAND ETHICS COMMISSION				
<i>RI Ethics Commission</i>				
General Revenue Total	847	905	874	31
Total - RI Ethics Commission	847	905	874	31
Total - RHODE ISLAND ETHICS COMMISSION	847	905	874	31
EXECUTIVE DEPARTMENT				
<i>Office Of Governor</i>				
General Revenue Total	5,682	5,611	4,526	1,085
Total - Office Of Governor	5,682	5,611	4,526	1,085
Total - EXECUTIVE DEPARTMENT	5,682	5,611	4,526	1,085
PUBLIC UTILITIES COMMISSION				
<i>Public Utilities Commission</i>				
General Revenue Total	731	711	703	8
Federal Funds Total	62	62	37	25
Restricted Receipts Total	4,663	4,684	3,576	1,108
Total - Public Utilities Commission	5,456	5,456	4,315	1,141
Total - PUBLIC UTILITIES COMMISSION	5,456	5,456	4,315	1,141
RHODE ISLAND COMMISSION ON WOMEN				
<i>Rhode Island Commission on Women</i>				
General Revenue Total	139	140	138	2
Total - Rhode Island Commission on Women	139	140	138	2
Total - RHODE ISLAND COMMISSION ON WOMEN	139	140	138	2
DEPARTMENT OF CHILDREN, YOUTH, AND FAMIL				
<i>Central Management</i>				
General Revenue Total	7,829	7,814	7,849	(35)
Federal Funds Total	5,117	4,807	4,048	759
Total - Central Management	12,946	12,621	11,897	724

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<i>Children's Behavioral Health Services</i>				
RICAP - Grodin Center	80		3	(3)
RICAP - Spurwink/RI	199	183	69	114
General Revenue Total	21,620	22,130	20,863	1,267
Federal Funds Total	19,732	20,545	19,691	854
<i>Total - Children's Behavioral Health Services</i>	41,631	42,858	40,626	2,232
<i>Juvenile Correctional Services</i>				
RICAP - RI Training School Bathroom Renovation	100	100	131	(31)
General Revenue Total	24,424	24,660	24,779	(119)
Federal Funds Total	2,856	3,651	3,290	361
Restricted Receipts Total	8	508		508
<i>Total - Juvenile Correctional Services</i>	27,387	28,920	28,200	719
<i>Child Welfare</i>				
Children's Trust Fund	56	56	27	29
General Revenues	78,957	84,685	83,965	720
Federal Funds Total	55,628	60,185	61,149	(964)
Restricted Receipts Total	1,387	1,022	1,253	(231)
<i>Total - Child Welfare</i>	136,027	145,947	146,393	(446)
<i>Higher Education Incentive Grants</i>				
General Revenue Total	150	204	195	9
<i>Total - Higher Education Incentive Grants</i>	150	204	195	9
Total - DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES	218,142	230,549	227,311	3,238
DEPARTMENT OF ELDERLY AFFAIRS				
<i>Elderly Affairs</i>				
Intermodal Surface Transportation Fund	4,700	4,495	4,495	
General Revenues	13,478	13,495	13,227	268
Safety and Care of the Elderly	1	1	1	
RIPAE	10,281	11,913	12,135	(222)
Federal Funds Total	8,660	9,527	8,839	688
<i>Total - Elderly Affairs</i>	37,119	39,430	38,697	734
Total - DEPARTMENT OF ELDERLY AFFAIRS	37,119	39,430	38,697	734
DEPARTMENT OF HEALTH				
<i>Central Management</i>				
Trauma Registry	228	170	164	6
General Revenues	2,609	2,572	2,682	(110)
RI e-Gov Fund - Automated Vital Records System	300	300	304	(4)
Federal Funds Total	3,062	2,296	2,025	271

State of Rhode Island and Providence Plantations
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General Fund

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(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Restricted Receipts Total	1,729	1,753	2,122	(369)
Total - Central Management	7,928	7,091	7,297	(206)
State Medical Examiner				
General Revenue Total	1,679	1,657	1,518	139
Total - State Medical Examiner	1,679	1,657	1,518	139
Family Health				
General Revenues	8,465	8,997	9,089	(92)
Poison Control Center	250	250	256	(6)
Federal Funds Total	27,386	29,749	29,372	377
Restricted Receipts Total	3,460	3,868	3,083	785
Total - Family Health	39,561	42,863	41,801	1,064
Health Services Regulation				
General Revenues	4,376	4,416	4,475	(59)
Hospital Care Consultant Report	292	291	192	99
Federal Funds Total	1,963	2,153	2,353	(200)
Restricted Receipts Total	465	494	454	40
Total - Health Services Regulation	7,096	7,355	7,473	(120)
Environmental Health				
General Revenue Total	4,157	4,038	4,155	(117)
Federal Funds Total	2,217	2,661	3,042	(381)
Restricted Receipts Total	670	1,068	1,101	(33)
Total - Environmental Health	7,045	7,768	8,299	(531)
Health Laboratories				
General Revenue Total	5,638	5,991	5,854	137
Federal Funds Total	795	704	897	(193)
Total - Health Laboratories	6,433	6,695	6,750	(56)
Disease Prevention and Control				
General Revenue	5,220	5,300	5,106	194
Smoking Cessation	1,000	300	397	(97)
Federal Funds Total	11,657	11,822	11,565	257
Restricted Receipts Total	80	876	41	835
Child Safety Program		20	42	(22)
Walkable Communities Initiative		80		80
Total - Disease Prevention and Control	17,957	18,398	17,151	1,247
Total - DEPARTMENT OF HEALTH	87,698	91,828	90,290	1,537
DEPARTMENT OF HUMAN SERVICES				
Central Management				
General Revenue Total	7,089	6,914	5,998	916
Federal Funds Total	3,673	3,883	3,731	152

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
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General Fund

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(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Restricted Receipts Total	1,787	1,975	2,217	(242)
Total - Central Management	12,550	12,772	11,946	826
Individual and Family Support				
RICAP Veterans' Home Roof	60			
RICAP Forand Building Exterior Doors and Windo	135			
RICAP Forand Building Soffitts Replacement	85			
RICAP Forand Building Exterior Window Panels	349	5	1	4
General Revenue Total	20,700	20,309	20,051	258
Federal Funds Total	50,995	51,389	45,978	5,411
Restricted Receipts Total	74	74	46	28
Total - Individual and Family Support	72,398	71,776	66,076	5,701
Veterans' Affairs				
General Revenue Total	13,406	14,148	14,173	(25)
Federal Funds Total	5,605	6,672	6,365	307
Restricted Receipts Total	1,086	2,087	1,655	432
Total - Veterans' Affairs	20,097	22,906	22,192	714
Health Care Quality,Financing & Purchase				
General Revenue Total	22,250	22,459	21,905	554
Federal Funds Total	30,378	31,901	31,279	622
Restricted Receipts Total	330	495	285	210
Total - Health Care Quality,Financing & Purchase	52,958	54,855	53,469	1,386
Medical Benefits				
General Revenues - Managed Care	114,429	118,200	117,800	400
General Revenues - Hospitals	87,084	95,884	96,497	(613)
General Revenues - Other	86,732	86,473	87,958	(1,485)
General Revenues - Special Education	9,494	13,943	14,807	(864)
General Revenues - Nursing Facilities	121,332	123,200	120,888	2,312
Federal Funds - Managed Care	132,790	137,300	139,540	(2,240)
Federal Funds - Hospitals	95,167	104,116	104,149	(33)
Federal Funds - Nursing Facilities	135,743	137,800	134,257	3,543
Federal Funds - Other	98,136	96,727	95,470	1,257
Federal Funds - Special Education	11,006	15,557	16,479	(922)
Restricted Receipts Total	15	15	7	8
Total - Medical Benefits	891,928	929,215	927,852	1,363
Supplemental Security Income Program				
General Revenue Total	28,267	28,175	27,950	225
Total - Supplemental Security Income Program	28,267	28,175	27,950	225
Family Independence Program				

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
TANF/Families Independence Program	18,000	16,167	16,167	
Child Care	53,609	52,656	52,656	
Federal Funds Total	82,403	87,907	88,737	(830)
Total - Family Independence Program	154,012	156,730	157,560	(830)
State Funded Programs				
General Public Assistance	2,074	2,562	2,745	(183)
Food Stamp Replacement for Legal Immigrants	1,619	1,795	1,787	8
Weatherization One-Time Payment	1,579	1,640	1,671	(31)
Citizen Participation Program	100	100	100	
Federal Funds Total	59,026	64,356	63,628	728
Total - State Funded Programs	64,399	70,454	69,930	522
Total - DEPARTMENT OF HUMAN SERVICES	1,296,609	1,346,883	1,336,975	9,907
DEPARTMENT OF MENTAL HEALTH, RETARDATION				
Central Management				
General Revenue Total	1,703	1,973	1,686	287
Total - Central Management	1,703	1,973	1,686	287
Hospital & Community System Support				
RICAP - Utilities Upgrade	400	510	440	70
RICAP - Medical Center Rehabilitation	665	250	159	91
RICAP - Utility Systems Water Tanks and Pipes	350	111	221	(110)
RICAP - Central Power Plant Rehabilitation		360	551	(191)
RICAP - Environmental Mandates	550			
General Revenue Total	19,946	22,640	23,723	(1,083)
Total - Hospital & Community System Support	21,911	23,871	25,094	(1,223)
Service for the Developmentally Disabled				
General Revenue	98,549	96,852	97,066	(214)
Pirovano Trust		261	113	148
Federal Funds Total	111,725	110,317	102,593	7,724
Total - Service for the Developmentally Disabled	210,274	207,430	199,772	7,658
Integrated Mental Health Services				
General Revenue Total	30,348	30,709	32,113	(1,404)
Federal Funds Total	28,172	28,574	29,541	(967)
Total - Integrated Mental Health Services	58,520	59,283	61,653	(2,371)
Hospital & Community Rehabilitation Svcs				
RICAP - Zambarano Buildings and Utilities	405	100	3	97
General Revenue Total	50,524	51,682	51,634	48
Federal Funds Total	52,382	53,334	55,626	(2,292)

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
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General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<i>Total - Hospital & Community Rehabilitation Svcs</i>	103,311	105,116	107,263	(2,147)
<i>Substance Abuse</i>				
RICAP - Asset Protection	100	113	113	
General Revenues	14,830	15,294	14,789	505
Providence Community Action	213			
Federal Funds Total	9,943	10,515	9,521	994
Restricted Receipts Total	55	65	62	3
<i>Total - Substance Abuse</i>	25,141	25,987	24,486	1,502
Total - DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS	420,859	423,661	419,954	3,706
OFFICE OF THE CHILD ADVOCATE				
<i>Office of the Child Advocate</i>				
General Revenue Total	523	522	492	30
Federal Funds Total	343	359	344	15
<i>Total - Office of the Child Advocate</i>	866	882	835	45
Total - OFFICE OF THE CHILD ADVOCATE	866	882	835	45
RHODE ISLAND COMMISSION ON THE DEAF & HA				
<i>Commission On Deaf and Hard Of Hearing</i>				
General Revenue Total	258	196	165	31
<i>Total - Commission On Deaf and Hard Of Hearing</i>	258	196	165	31
Total - RHODE ISLAND COMMISSION ON THE DEAF & HARD OF HEARING	258	196	165	31
STATE COUNCIL ON DEVELOPMENTAL DISABILIT.				
<i>RI Developmental Disabilities Council</i>				
Federal Funds Total	409	420	406	14
<i>Total - RI Developmental Disabilities Council</i>	409	420	406	14
Total - STATE COUNCIL ON DEVELOPMENTAL DISABILITIES	409	420	406	14
GOVERNOR'S COMMISSION ON DISABILITIES				
<i>Governor's Commission on Disabilities</i>				
General Revenue Total	305	304	304	
Federal Funds Total	28	25	10	15
Restricted Receipts Total	1	38	15	23
<i>Total - Governor's Commission on Disabilities</i>	335	367	329	38

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Total - GOVERNOR'S COMMISSION ON DISABILITIES	335	367	329	38
<i>RHODE ISLAND COMMISSION FOR HUMAN RIGHT</i>				
<i>Commission For Human Rights</i>				
General Revenue Total	783	735	733	2
Federal Funds Total	426	416	492	(76)
<i>Total - Commission For Human Rights</i>	1,209	1,151	1,225	(74)
Total - RHODE ISLAND COMMISSION FOR HUMAN RIGHTS	1,209	1,151	1,225	(74)
<i>OFFICE OF THE MENTAL HEALTH ADVOCATE</i>				
<i>Office of the Mental Health Advocate</i>				
General Revenue Total	295	283	291	(8)
<i>Total - Office of the Mental Health Advocate</i>	295	283	291	(8)
Total - OFFICE OF THE MENTAL HEALTH ADVOCATE	295	283	291	(8)
<i>DEPARTMENT OF ELEMENTARY AND SECONDARY</i>				
<i>State Aid</i>				
State Support Local School Operations	575,846	576,381	576,235	146
Federal Funds		2,536	647	1,889
<i>Total - State Aid</i>	575,846	578,917	576,882	2,035
<i>School Housing Aid</i>				
General Revenue Total	30,776	33,222	33,222	
<i>Total - School Housing Aid</i>	30,776	33,222	33,222	
<i>Teacher's Retirement</i>				
General Revenue Total	37,244	31,224	31,264	(40)
<i>Total - Teacher's Retirement</i>	37,244	31,224	31,264	(40)
<i>RI School for the Deaf</i>				
RICAP - School for the Deaf - Physical Education F	268	33	11	22
General Revenue Total	5,681	5,382	5,801	(419)
Federal Funds Total	947	1,246	1,083	163
Restricted Receipts Total		1		1
<i>Total - RI School for the Deaf</i>	6,897	6,662	6,895	(233)
<i>Central Falls School District</i>				
General Revenue Total	33,266	33,266	33,266	
<i>Total - Central Falls School District</i>	33,266	33,266	33,266	
<i>Davies Career and Technical School</i>				
General Revenue Total	10,612	10,328	9,842	486

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
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General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
RICAP - Davies Roof Repair	450			
Federal Funds Total	797	1,030	1,067	(37)
Restricted Receipts Total	25	195	21	174
Total - Davies Career and Technical School	11,884	11,553	10,931	623
Metropolitan Career & Technical School				
General Revenue Total	2,155	2,155	2,155	
Total - Metropolitan Career & Technical School	2,155	2,155	2,155	
Program Operations				
RICAP - Woonsocket Vocational HVAC		10	3	7
RICAP - East Providence Vocational HVAC	141	10	5	5
RICAP - Hanley - HVAC	125	217	152	65
RICAP - State-Owned Schools - Fire Alarm Systems	100	78	34	44
RICAP - Hazardous Materials Storage/Dust	218	206	206	
General Revenue Total	15,388	15,163	15,518	(355)
Federal Funds Total	111,817	128,942	104,951	23,991
Restricted Receipts Total	664	1,046	853	193
Total - Program Operations	128,454	145,671	121,722	23,950
ELEMENTARY AND SECONDARY EDUCATION	826,521	842,670	816,337	26,335
BOARD OF GOVERNORS FOR HIGHER EDUCATION				
Board of Governors				
General Revenue Total	174,894	174,474	174,473	1
Federal Fund Total	2,040	2,321	2,420	(99)
Total - Board of Governors	176,934	176,794	176,893	(98)
Total - BOARD OF GOVERNORS FOR HIGHER EDUCATION	176,934	176,794	176,893	(98)
RHODE ISLAND STATE COUNCIL ON THE ARTS				
RI State Council On The Arts				
Operating Support	359	364	368	(4)
Grants	1,925	1,918	1,270	648
Federal Funds Total	554	597	520	77
Restricted Receipts Total	250	255	40	215
Total - RI State Council On The Arts	3,087	3,134	2,198	936
Total - RHODE ISLAND STATE COUNCIL ON THE ARTS	3,087	3,134	2,198	936
RHODE ISLAND ATOMIC ENERGY COMMISSION				
Atomic Energy Commission				
URI Sponsored Research	130	130	131	(1)

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
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General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
RICAP - Paint Interior Reactor Building Walls	50			
RICAP - Roof Replacement - North Bunker	21	21	19	2
General Revenue Total	649	645	631	14
Federal Funds Total	753	703	9	694
Total - Atomic Energy Commission	1,604	1,499	789	709
Total - RHODE ISLAND ATOMIC ENERGY COMMISSION	1,604	1,499	789	709
RHODE ISLAND HIGHER EDUCATION ASSISTANCE				
<i>Higher Education Assistance Authority</i>				
Needs Based Grants and Work Opportunities	6,397	5,897	5,949	(52)
Authority Operations and Other Grants	1,039	1,037	986	51
Total - Higher Education Assistance Authority	7,436	6,934	6,934	(1)
EDUCATION ASSISTANCE AUTHORITY				
	7,436	6,934	6,934	(1)
HISTORICAL PRESERVATION AND HERITAGE COM				
<i>Historical Preservation Commission</i>				
General Revenue Total	751	784	777	7
Federal Funds Total	541	535	559	(24)
Restricted Receipts Total	332	328	434	(106)
Total - Historical Preservation Commission	1,624	1,646	1,771	(123)
Total - HISTORICAL PRESERVATION AND HERITAGE COMMISSION	1,624	1,646	1,771	(123)
RHODE ISLAND PUBLIC TELECOMMUNICATIONS				
<i>R.I Public Telecommunications Authority</i>				
General Revenue Total	1,358	1,267	1,158	109
Total - R.I Public Telecommunications Authority	1,358	1,267	1,158	109
Total - RHODE ISLAND PUBLIC TELECOMMUNICATIONS AUTHORITY	1,358	1,267	1,158	109
DEPARTMENT OF ATTORNEY GENERAL				
<i>Criminal</i>				
General Revenue Total	9,255	9,503	9,277	226
Federal Funds Total	1,191	1,267	1,093	174
Restricted Receipts Total	179	163	156	7
Total - Criminal	10,625	10,932	10,526	407
<i>Civil</i>				
General Revenue Total	3,484	3,358	3,289	69

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Schedule of Revenues, Expenditures, and Changes
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General Fund

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(Expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Federal Funds Total	75	68		68
Restricted Receipts Total	409	417	381	36
Total - Civil	3,968	3,843	3,671	173
<i>Bureau of Criminal Identification</i>				
General Revenue Total	606	623	601	22
Federal Funds Total		225	81	144
Total - Bureau of Criminal Identification	606	848	682	166
<i>General</i>				
General Revenue Total	1,470	1,523	1,506	17
Total - General	1,470	1,523	1,506	17
Total - DEPARTMENT OF ATTORNEY GENERAL	16,669	17,146	16,385	763
DEPARTMENT OF CORRECTIONS				
<i>Central Management</i>				
General Revenue Total	9,510	9,236	8,645	591
Federal Funds Total		188	188	
Total - Central Management	9,510	9,424	8,833	591
<i>Parole Board</i>				
General Revenue Total	853	890	861	29
Federal Funds Total	8			
Total - Parole Board	861	890	861	29
<i>Institutional Corrections</i>				
RICAP - Fire Code Safety Improvements	1,000	1,374	1,025	349
RICAP - Security Camera Installation	417	773	860	(87)
RICAP - HVAC Renovations - Maximum		19		19
RICAP - Window Replacement - Women's	350	666	574	92
RICAP - Dix Expansion - Phase II		35	16	19
RICAP - Reintegration Center State Match		171	18	153
RICAP - Dix Expansion - State Match		43	1	42
RICAP - General Renovations - Maximum	450	327	74	253
RICAP - Roof/Masonry Renovations - Women's	105	130	102	28
RICAP - High Security Fire Alarm HVAC	172	79	48	31
RICAP - Aquidneck & Prudence Cellblock Roofs	220	741	680	61
RICAP - Perimeter/Security Upgrades	1,765	687	555	132
General Revenue Total	110,827	109,521	109,015	506
Federal Funds Total	6,337	7,349	4,390	2,959
Restricted Receipts Total	3,877	5,367	5,368	(1)
Total - Institutional Corrections	125,521	127,284	122,728	4,556
<i>Community Corrections</i>				
General Revenue Total	10,298	10,265	9,648	617

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
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General Fund

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(Expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Federal Funds Total	339	302	272	30
Total - Community Corrections	10,637	10,567	9,920	647
Total - DEPARTMENT OF CORRECTIONS	146,528	148,164	142,342	5,823
JUDICIAL DEPARTMENT				
<i>Supreme Court</i>				
RICAP - Garrahy Judicial Complex Renovation	1,976	3,160	3,156	4
RICAP - Garrahy Complex Roof Repair		323	322	1
RICAP - Licht Exterior/Interior Refurbishment		130	129	1
RICAP - Fogarty Judicial Annex	95	35	35	
General Revenue	17,666	18,957	19,258	(301)
Defense of Indigents	1,550	1,550	1,745	(195)
Federal Funds Total	150	180	164	16
Restricted Receipts Total	763	891	769	122
Total - Supreme Court	22,199	25,225	25,578	(352)
<i>Superior Court</i>				
Federal Funds Total		120	1	119
General Revenue Total	14,673	15,080	14,786	294
Total - Superior Court	14,673	15,200	14,787	413
<i>Family Court</i>				
General Revenue Total	10,818	10,883	10,773	110
Federal Funds Total	1,679	2,400	2,274	126
Restricted Receipts Total	234	248	132	116
Total - Family Court	12,730	13,531	13,179	352
<i>District Court</i>				
General Revenue Total	6,866	6,796	6,761	35
Federal Funds Total	250	172	111	61
Restricted Receipts Total	70	139	75	64
Total - District Court	7,186	7,107	6,947	160
<i>Traffic Tribunal</i>				
General Revenue Total	5,495	5,476	5,453	23
Total - Traffic Tribunal	5,495	5,476	5,453	23
<i>Worker's Compensation Court</i>				
Restricted Receipts Total	4,793	5,148	4,876	272
Total - Worker's Compensation Court	4,793	5,148	4,876	272
<i>Justice Link</i>				
General Revenue Total	1,582	2,478	1,912	566
Total - Justice Link	1,582	2,478	1,912	566
Total - JUDICIAL DEPARTMENT	68,659	74,165	72,733	1,434

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Schedule of Revenues, Expenditures, and Changes
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General Fund

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(Expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
MILITIA OF THE STATE				
<i>National Guard</i>				
Rails to Trails	292		1	(1)
RICAP - Bristol Armory Rehabilitation	200	190	190	
RICAP - Benefit St. Arsenal Rehabilitation	71	22	22	
RICAP - Schofield Armory Rehabilitation	110	20		20
RICAP - US Property and Finance Office - HVAC	50	5	5	
RICAP - Warren Armory	100	154	130	24
RICAP - Vehicle Exhaust Vent System	50	50	49	1
General Revenue	1,734	2,054	2,000	54
RI e-Government Fund - Distributed Tech. Training	100	50	16	34
Federal Funds Total	6,299	7,054	5,548	1,506
Total - National Guard	9,005	9,599	7,962	1,638
<i>Emergency Management</i>				
General Revenue Total	399	475	444	31
Federal Funds Total	2,945	2,896	2,453	443
Restricted Receipts Total	111	111	112	(1)
Total - Emergency Management	3,455	3,481	3,010	473
Total - MILITIA OF THE STATE	12,461	13,081	10,971	2,111
E-911 UNIFORM EMERGENCY TELEPHONE SYSTEM				
<i>E-911</i>				
General Revenue	3,136	3,318	3,393	(75)
RI e-Government Fund - GIS Database Development	500	500	500	
Total - E-911	3,636	3,818	3,893	(75)
Total - E-911 UNIFORM EMERGENCY TELEPHONE SYSTEM DIVISION	3,636	3,818	3,893	(75)
FIRE SAFETY CODE BOARD OF APPEAL & REVIEW				
<i>Fire Code Commission</i>				
General Revenue Total	210	207	211	(4)
Total - Fire Code Commission	210	207	211	(4)
Total - FIRE SAFETY CODE BOARD OF APPEAL & REVIEW	210	207	211	(4)
DIVISION OF FIRE SAFETY				
<i>Fire Safety & Training Academy</i>				
General Revenue Total	1,309	1,330	1,471	(141)
Federal Funds Total	55	261	135	126
Total - Fire Safety & Training Academy	1,364	1,591	1,607	(15)
Total - DIVISION OF FIRE SAFETY	1,364	1,591	1,607	(15)

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
COMMISSION ON JUDICIAL TENURE & DISCIPLINE				
<i>Commission on Judicial Tenure and Discipline</i>				
General Revenue Total	100	109	102	7
Total - Commission on Judicial Tenure and Discipline	100	109	102	7
Total - COMMISSION ON JUDICIAL TENURE & DISCIPLINE	100	109	102	7
RHODE ISLAND JUSTICE COMMISSION				
<i>Rhode Island Justice Commission</i>				
General Revenue Total	178	177	177	
Federal Funds Total	4,790	5,264	4,262	1,002
Restricted Receipts Total		90	49	41
Total - Rhode Island Justice Commission	4,968	5,532	4,488	1,043
Total - RHODE ISLAND JUSTICE COMMISSION	4,968	5,532	4,488	1,043
MUNICIPAL POLICE TRAINING SCHOOL				
<i>Municipal Police Academy</i>				
General Revenue Total	322	371	360	11
Federal Funds Total	50	66	59	7
Total - Municipal Police Academy	372	437	419	18
Total - MUNICIPAL POLICE TRAINING SCHOOL	372	437	419	18
RHODE ISLAND STATE POLICE				
<i>State Police</i>				
RICAP - Barracks and Training Headquarters	100			
RICAP - Headquarters Repair/Renovation	325	435	435	
RICAP - Parking Area Improvements	71			
Traffic Enforcement - Municipal Training	121	226	55	171
Lottery Commission Assistance	105	106	113	(7)
Road Construction Reimbursement	2,320	2,290	2,035	255
General Revenue Total	37,111	37,958	38,000	(42)
Federal Funds Total	700	3,102	1,041	2,061
Restricted Receipts Total	218	282	239	43
Total - State Police	41,071	44,400	41,918	2,481
Total - RHODE ISLAND STATE POLICE	41,071	44,400	41,918	2,481
OFFICE OF PUBLIC DEFENDER				
<i>Public Defenders Office</i>				
General Revenue Total	5,585	5,568	5,544	24

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Federal Funds Total	313	503	403	100
Total - Public Defenders Office	5,899	6,070	5,947	124
Total - OFFICE OF PUBLIC DEFENDER	5,899	6,070	5,947	124
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT				
<i>Policy and Administration</i>				
DOT Recreational Projects	26	26	21	5
Blackstone Bikepath Design	1,298	1,298	471	827
RICAP - Dam Repair	700	839	753	86
General Revenue Total	7,540	8,231	8,335	(104)
Federal Funds Total	1,998	2,472	1,835	637
Restricted Receipts Total	6,708	6,310	2,702	3,608
Total - Policy and Administration	18,269	19,176	14,117	5,059
<i>Natural Resources</i>				
RICAP - Westerly Boat Ramp	87	87	86	1
RICAP - Fort Adams Rehabilitation	350	350	350	
RICAP - Recreational Facilities Improvement	516	75	12	63
RICAP - Fish and Wildlife Office/Laboratory	731	829	829	
RICAP - Wickford Marine Facility	50			
RICAP - Galilee Piers	909	328	98	230
RICAP - Newport Piers	1,800	1,407	913	494
RICAP - Boyd's Marsh Habitat Restoration	70	70		70
General Revenue Total	14,495	14,452	15,326	(874)
Federal Funds Total	12,829	13,151	7,797	5,354
Restricted Receipts Total	3,011	2,979	2,601	378
Total - Natural Resources	34,848	33,728	28,012	5,716
<i>Environmental Protection</i>				
Aquafund	55	57		57
General Revenue Total	9,150	8,917	8,824	93
Federal Funds Total	7,307	7,482	5,734	1,748
Restricted Receipts Total	2,026	2,295	2,466	(171)
Total - Environmental Protection	18,537	18,751	17,025	1,727
Total - DEPARTMENT OF ENVIRONMENTAL MANAGEMENT	71,654	71,655	59,153	12,502
COASTAL RESOURCES MANAGEMENT COUNCIL				
<i>Coastal Resources Management Council</i>				
General Revenue Total	1,438	1,392	1,156	236
RICAP - South Coast Restoration Project	145			
RICAP - Habitat Restoration - Allin's Cove	172			
Federal Funds Total	1,056	1,600	1,166	434

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2002

(Expressed in thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<i>Total - Coastal Resources Management Council</i>	2,810	2,992	2,322	670
Total - COASTAL RESOURCES MANAGEMENT COUNCIL	2,810	2,992	2,322	670
WATER RESOURCES BOARD				
<i>State Water Resources Board</i>				
RICAP - Big River Management Area	80	76	82	(6)
RICAP - Groundwater Protection/Acquisition	44	10	14	(4)
RICAP - Water Allocation Plan	400	270	278	(8)
RICAP - Supplemental Water Supplies Developmen	300	94	54	40
General Revenue Total	1,022	1,093	1,072	21
Restricted Receipts Total		133	94	39
<i>Total - State Water Resources Board</i>	1,845	1,676	1,595	82
Total - WATER RESOURCES BOARD	1,845	1,676	1,595	82
Total Expenditures	4,139,919	4,246,385	4,146,114	100,271
Other financing uses:				
Transfers to other funds	52,478	52,530	52,348	182
Total expenditures and other financing uses	4,192,397	4,298,915	4,198,462	100,453
Net change in fund balance	22,263	(34,083)	(104,347)	(70,264)
Fund balance, July 1, 2001	256,830	268,145	268,145	
Fund balance, June 30, 2002	\$ 279,093	\$ 234,062	\$ 163,798	\$ (70,264)
General revenue funds total	\$ 2,650,768	\$ 2,660,381	\$ 2,651,655	\$ 8,726
Federal grants funds total	1,292,229	1,368,012	1,289,575	78,437
Restricted Funds total	82,228	89,164	76,939	12,225
Other funds total	114,694	128,828	127,945	883
Statewide Grand Total	\$ 4,139,919	\$ 4,246,385	\$ 4,146,114	\$ 100,271

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Intermodal Surface Transportaion Fund
For the Fiscal Year Ended June 30, 2002
(Expressed in Thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 131,600	\$ 125,800	\$ 130,000	\$ 4,200
Departmental restricted revenue	62,285	26,006	2,802	(23,204)
Federal grants	232,283	225,174	190,294	(34,880)
Other revenues	8,000	8,000	1,309	(6,691)
Total revenues	434,168	384,980	324,405	(60,575)
Other financing sources:				
Operating transfers in			44,861	44,861
Total revenues and other financing sources	434,168	384,980	369,266	(15,714)
Expenditures:				
Central Management				
Gasoline Tax	3,103	2,919	2,938	(19)
Federal Funds Total	4,310	4,304	1,305	2,999
Total - Central Management	7,413	7,223	4,243	2,980
Management and Budget				
Gasoline Tax	1,955	1,804	1,405	399
Total - Management and Budget	1,955	1,804	1,405	399
Infrastructure - Engineering				
Gasoline Tax	41,654	40,182	43,985	(3,803)
RICAP - RIPTA Land and Buildings	360	360		360
State Infrastructure Bank	1,000	1,000		1,000
State Match - Bond Funds			25,393	(25,393)
Land Sale Revenue	8,000	8,000	2,527	5,473
Federal Funds Total	227,973	220,871	188,989	31,882
Restricted Receipts Total	61,285	25,006	18,513	6,493
Total - Infrastructure - Engineering	340,272	295,419	279,407	16,012
Infrastructure - Maintenance				
Gasoline Tax	36,156	35,287	35,160	127
Total - Infrastructure - Maintenance	36,156	35,287	35,160	127
Total Expenditures	385,796	339,733	320,215	19,518
Other financing uses:				
Transfers to other funds			49,787	(49,787)
Total expenditures and other financing uses	385,796	339,733	370,002	(30,269)
Net change in fund balance	48,372	45,247	(736)	(45,983)
Fund balance, beginning			34,102	34,102
Fund balance, ending	\$ 48,372	\$ 45,247	\$ 33,366	\$ (11,881)

State of Rhode Island and Providence Plantations
 Required Supplementary Information
 Schedules of Funding Progress
 June 30, 2002
 (Expressed in thousands)

Employees' Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Unfunded Frozen Actuarial Liability (UFAL) (b)	Frozen Initial Liability (c) = (a + b)	Funded Ratio (a / c)	Covered Payroll (d)	Excess as a Percentage of Covered Payroll (b / d)
6/30/99	5,460,907	1,114,020	6,574,927	83.1%	1,168,300	95.4%
6/30/00	5,859,719	1,375,068	7,234,787	81.0%	1,220,833	112.6%
6/30/01	6,026,141	1,742,393	7,768,534	77.6%	1,287,476	135.3%

State Police Retirement Benefits Trust

Actuarial Valuation Date	Actuarial Value of Assets (a)	Unfunded Frozen Actuarial Liability (UFAL) (b)	Frozen Initial Liability (c) = (a + b)	Funded Ratio (a / c)	Covered Payroll (d)	Excess as a Percentage of Covered Payroll (b / d)
6/30/99	8,481	2,361	10,842	78.2%	7,502	31.5%
6/30/00	11,337	2,581	13,918	81.5%	8,917	28.9%
6/30/01	14,386	2,264	16,650	86.4%	9,139	24.8%

Judicial Retirement Benefits Trust

Actuarial Valuation Date	Actuarial Value of Assets (a)	Unfunded Frozen Actuarial Liability (UFAL) (b)	Frozen Initial Liability (c) = (a + b)	Funded Ratio (a / c)	Covered Payroll (d)	Excess as a Percentage of Covered Payroll (b / d)
6/30/99	5,522	1,894	7,416	74.5%	3,169	59.8%
6/30/00	7,375	2,345	9,720	75.9%	3,533	66.4%
6/30/01	9,190	2,836	12,026	76.4%	4,092	69.3%

State of Rhode Island and Providence Plantations
Notes to Required Supplementary Information
June 30, 2002

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund and certain special revenue funds. Preparation and submission of the budget is governed by both the State Constitution and the Rhode Island General Laws. The budget, as enacted by the General Assembly and signed by the Governor, contains a complete plan of estimated revenues (general, federal and restricted), transfers in (general and restricted) and proposed expenditures.

The legal level of budgetary control, i.e. the lowest level at which management (executive branch) may not reassign resources without special approval (legislative branch) is the line item within the appropriation act. Management cannot reallocate any appropriations without special approval from the legislative branch. Federal grant appropriations may also be limited by the availability of matching funds and may also require special approval from a federal agency before reallocating resources among programs.

Internal administrative and accounting budgetary controls utilized by the State consist principally of statutory restrictions on the expenditure of funds in excess of appropriations and the supervisory powers and functions exercised by management. Management cannot reduce the budget without special approval.

Unexpended general revenue appropriations lapse at the end of the fiscal year, unless the department/agency directors identify unspent appropriations related to specific projects/purchases and request a reappropriation. If the requests are approved by the Governor, such amounts are reappropriated for the ensuing fiscal year and made immediately available for the same purposes as the former appropriations. Unexpended appropriations of the General Assembly and its legislative commissions and agencies may be reappropriated by the Joint Committee on Legislative Services. If the sum total of all departments and agencies general revenue expenditures exceeds the total general revenue appropriations, it is the policy of management to lapse all unexpended appropriations, except those of the legislative branch and the Justice Link program.

**COMBINING and INDIVIDUAL
FUND STATEMENTS
and SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes and where a separate fund is mandated.

R.I. Underground Storage Tank Financial Responsibility – accounts for a designated portion of the gasoline tax to be used to facilitate the clean-up of leaking underground storage tanks or underground storage tanks systems, in order to protect the environment, including drinking water supplies and public health.

R.I. Temporary Disability Insurance Fund – **accounts for the employee tax on wages that are levied to pay benefits to covered employees who are out of work for an extended period of time due to a non-job-related illness**

Providence River Relocation Project – accounts for all revenues received and expenditures incurred related to the relocation of two rivers in the City of Providence and the extension of Memorial Boulevard.

Rhode Island Economic Policy Council – works with State officials to identify issues facing the 's economy, to advise the State legislature in policy matters relating to economic development, and to administer a grant program designed to foster private technology commercialization. It is a blended component unit.

Capital Project Funds - account for resources obtained and used for the acquisition, construction or improvement of capital facilities not reported in other governmental or proprietary funds

R.I. Clean Water Act Environmental Trust – accounts for the proceeds of certain bonds issued of which the proceeds are restricted to providing grants and loans to local governmental entities and the required State share or related expenses for the Narragansett Bay study.

R.I. Refunding Bond Authority – accounts for the loan issued to the State to provide funds used to retire certain general obligation bonds and accounts for revenue bonds issued by the R.I. Public Buildings Authority (RIPBA), a blended component unit that was abolished by the State in fiscal 1998. The revenue bonds issued by RIPBA were used to provide funding for the acquisition, construction or improvement of public facilities and equipment.

Certificates of Participation – accounts for the proceeds of the sale of certificates of participation which provide funding for the acquisition, construction or improvement of public facilities and equipment

Nonmajor Governmental Funds

Debt Service Funds - account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Sinking Fund - is funded by annual appropriations that approximate the annual interest savings from debt refundings. The funds are used to advance refund high interest debt.

Permanent Funds – are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that support the State's programs.

Permanent School – accounts for certain appropriations of the General Assembly and the earnings thereon, which are to be used for the promotion and support of public education.

State of Rhode Island and Providence Plantations
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002

	R.I. Underground Storage Tank Financial Responsibility	R.I. Temporary Disability	Providence River Relocation Project	R.I. Economic Policy Council
Assets				
Cash and cash equivalents	\$ 1,445,300	\$ 58,371,137	\$ 818	\$ 452,300
Funds on deposit with fiscal agent				
Investments				
Receivables (net)	1,122,574	38,439,925		53,572
Due from other funds	116,420		204,355	
Other assets				22,219
Total assets	<u>2,684,294</u>	<u>96,811,063</u>	<u>205,173</u>	<u>528,091</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	1,042,505	80,653		65,466
Due to other funds	546,145	2,728,640	205,173	
Loans from other funds				
Other liabilities				59,396
Total liabilities	<u>1,588,650</u>	<u>2,809,293</u>	<u>205,173</u>	<u>124,862</u>
Fund balances				
Reserved for:				
Debt				
Special Revenue	1,095,644	94,001,770		403,229
Capital Projects Fund				
Permanent Fund				
Total liabilities	<u>1,095,644</u>	<u>94,001,770</u>		<u>403,229</u>
Total Liabilities and fund balances	<u>\$ 2,684,294</u>	<u>\$ 96,811,063</u>	<u>\$ 205,173</u>	<u>\$ 528,091</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002

	R.I. Clean Water Act Environmental Trust	R.I. Refunding Bond Authority	Certificates of Participation
Assets			
Cash and cash equivalents	\$ 8,219,056	\$ 662,225	\$
Funds on deposit with fiscal agent			24,430,892
Investments		17,007,521	
Receivables (net)			4,070
Due from other funds	239,346		
Other assets		2,705,145	
Total assets	<u>8,458,402</u>	<u>20,374,891</u>	<u>24,434,962</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable		5,029	39,790
Due to other funds	1,877		
Loans from other funds	1,500,000		23,093
Other liabilities		3,379,010	
Total liabilities	<u>1,501,877</u>	<u>3,384,039</u>	<u>62,883</u>
Fund balances			
Reserved for:			
Debt		16,800,615	2,743,402
Special Revenue			
Capital Projects Fund	6,956,525	190,237	21,628,677
Permanent Fund			
Total liabilities	<u>6,956,525</u>	<u>16,990,852</u>	<u>24,372,079</u>
Total Liabilities and fund balances	<u>\$ 8,458,402</u>	<u>\$ 20,374,891</u>	<u>\$ 24,434,962</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002

	Sinking Fund	Permanent School	Totals
Assets			
Cash and cash equivalents	\$ 3,377,070	\$ 786,432	\$ 73,314,339
Funds on deposit with fiscal agent			24,430,892
Investments			17,007,521
Receivables (net)			39,620,141
Due from other funds	173,040		733,161
Other assets			2,727,364
Total assets	<u>3,550,110</u>	<u>786,432</u>	<u>157,833,418</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable			1,233,443
Due to other funds	3,550,110		7,031,945
Loans from other funds			1,523,093
Other liabilities			3,438,406
Total liabilities	<u>3,550,110</u>	<u>786,432</u>	<u>13,226,887</u>
Fund balances			
Reserved for:			
Debt			19,544,017
Special Revenue			95,500,643
Capital Projects Fund			28,775,439
Permanent Fund		786,432	786,432
Total liabilities	<u>786,432</u>	<u>786,432</u>	<u>144,606,531</u>
Total Liabilities and fund balances	<u>\$ 3,550,110</u>	<u>\$ 786,432</u>	<u>\$ 157,833,418</u>

(Concluded)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2002

Special Revenue

	R.I. Underground Storage Tank Financial Responsibility	R.I. Temporary Disability	Providence River Relocation Project	R.I. Economic Policy Council
Operating revenues:				
Taxes	\$	\$ 146,824,820	\$	\$
Licenses, fines, sales, and services	4,546,892			
Income from investments	31,021	1,535,761		17,344
Net increase in the fair value of investments				
Other revenues		121,795		378,979
Total operating revenues	<u>4,577,913</u>	<u>148,482,376</u>		<u>396,323</u>
Operating expenditures:				
Current:				
General government		150,109,381		4,745,598
Natural resources	4,650,473			
Capital outlays		132,878		101,843
Intergovernmental				
Debt service:				
Interest and other charges				
Total operating expenditures	<u>4,650,473</u>	<u>150,242,259</u>		<u>4,847,441</u>
Operating income (loss)	(72,560)	(1,759,883)		(4,451,118)
Nonoperating revenues (expenses)				
Bonds and notes issued				
Premium and accrued interest				
Operating transfers in				3,250,000
Operating transfers out		(827,507)		
Operating transfers out to component units				
Total nonoperating revenues (expenses)		<u>(827,507)</u>		<u>3,250,000</u>
Special item				
Change in fund balances	<u>(72,560)</u>	<u>(2,587,390)</u>		<u>(1,201,118)</u>
Fund balances - beginning	<u>1,168,204</u>	<u>96,589,160</u>		<u>1,604,347</u>
Fund balances - ending	<u>\$ 1,095,644</u>	<u>\$ 94,001,770</u>	<u>\$</u>	<u>\$ 403,229</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2002

Capital Projects

	R.I. Clean Water Act Environmental Trust	R.I. Refunding Bond Authority	Certificates of Participation
Operating revenues:			
Taxes	\$	\$	\$
Licenses, fines, sales, and services		7,221,216	
Income from investments	255,195	1,070,513	1,665,659
Net increase in the fair value of investments		182,239	
Other revenues			
Total operating revenues	255,195	8,473,968	1,665,659
Operating expenditures:			
Current:			
General government		63,664	
Natural resources			
Capital outlays			7,864,115
Intergovernmental	55,789		
Debt service:			
Interest and other charges		8,122,662	187,989
Total operating expenditures	55,789	8,186,326	8,052,104
Operating income (loss)	199,406	287,642	(6,386,445)
Nonoperating revenues (expenses)			
Bonds and notes issued	1,205,000		
Premium and accrued interest	46,338		
Operating transfers in			
Operating transfers out			
Operating transfers out to component units	(2,850,000)		
Total nonoperating revenues (expenses)	(1,598,662)		
Special item			
Change in fund balances	(1,399,256)	287,642	(6,386,445)
Fund balances - beginning	8,355,781	16,703,210	30,758,524
Fund balances - ending	\$ 6,956,525	\$ 16,990,852	\$ 24,372,079

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2002

	<u>Debt Service</u>	<u>Permanent</u>	
	<u>Sinking Fund</u>	<u>Permanent School</u>	<u>Totals</u>
Operating revenues:			
Taxes	\$	\$	\$ 146,824,820
Licenses, fines, sales, and services		42,372	11,810,480
Income from investments	83,424	17,404	4,676,321
Net increase in the fair value of investments			182,239
Other revenues	173,040		673,814
Total operating revenues	256,464	59,776	164,167,674
Operating expenditures:			
Current:			
General government			154,918,643
Natural resources			4,650,473
Capital outlays			8,098,836
Intergovernmental			55,789
Debt service:			
Interest and other charges	215,948		8,526,599
Total operating expenditures	215,948		176,250,341
Operating income (loss)	40,516	59,776	(12,082,666)
Nonoperating revenues (expenses)			
Bonds and notes issued			1,205,000
Premium and accrued interest			46,338
Operating transfers in			3,250,000
Operating transfers out	(774,653)		(1,602,160)
Operating transfers out to component units			(2,850,000)
Total nonoperating revenues (expenses)	(774,653)		49,178
Special item			
Change in fund balances	(734,137)	59,776	(12,033,488)
Fund balances - beginning	734,137	726,656	156,640,019
Fund balances - ending	\$	\$ 786,432	\$ 144,606,531

(Concluded)

State of Rhode Island and Providence Plantations
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Rhode Island Temporary Disability Insurance Fund
For the Fiscal Year Ended June 30, 2002

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues:				
Taxes	\$ 142,356,785	\$ 152,367,197	\$ 146,824,820	\$ (5,542,377)
Other revenues			1,657,556	1,657,556
Total revenues	<u>142,356,785</u>	<u>152,367,197</u>	<u>148,482,376</u>	<u>(3,884,821)</u>
Expenditures:				
Department of Labor and Training				
Income Support				
Temporary Disability Insurance Fund	142,160,533	152,134,701	150,857,529	1,277,172
Total - Income Support	<u>142,160,533</u>	<u>152,134,701</u>	<u>150,857,529</u>	<u>1,277,172</u>
Total - Department of Labor and Training	<u>142,160,533</u>	<u>152,134,701</u>	<u>150,857,529</u>	<u>1,277,172</u>
Treasury Department				
Temporary Disability Insurance Fund	196,252	232,496	212,237	20,259
Total - Treasury Department	<u>196,252</u>	<u>232,496</u>	<u>212,237</u>	<u>20,259</u>
Total Expenditures	<u>142,356,785</u>	<u>152,367,197</u>	<u>151,069,766</u>	<u>1,297,431</u>
Net change in fund balance			(2,587,390)	(2,587,390)
Fund balance, beginning			96,589,160	96,589,160
Fund balance, ending	<u>\$</u>	<u>\$</u>	<u>\$ 94,001,770</u>	<u>\$ 94,001,770</u>

Internal Service Funds

Internal Service Funds are used to account for the financing and providing of specified goods and services, on a centralized basis, for other departments and agencies.

Federal Surplus Property – accounts for the revenues received and expenses incurred from the disposition of federal surplus property.

Assessed Fringe Benefits – accounts for the biweekly assessment of a percentage applied to salaries and wages to pay for certain fringe benefits, including workers' compensation to State employees injured on the job.

Central Utilities – processes all electric bills for the state and charges the expending department/agency.

Energy Revolving – accounts for revenues to be used to implement and encourage energy efficiency and cost reduction measures in state facilities or alternate fuel vehicles.

Information Processing – is the center of the State's data processing activities.

Central Postage – provides for the delivery of mail services for the state.

Centrex – processes all of the telephone bills for the State and charges the expending department/agency.

Pastore Communications - provides the telecommunication services at the State institutions.

Central Pharmacy – maintains an inventory of prescription drugs for use at State institutions.

Central Laundry – provides laundry service to the State institutions.

Automotive Maintenance – approves work orders, pays the corresponding bills for the State fleet and bills the user department/agency.

Central Warehouse – provides a low-cost centralized distribution center for food for State institutions and local public school districts.

Correctional Industries – in addition to its main purpose of providing job training for inmates through prison industries, it accounts for federal surplus property.

Record Center – provides a centralized location for the archival of State documents

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Internal Service Funds
June 30, 2002

	<u>Federal</u> <u>Surplus Property</u>	<u>Assessed</u> <u>Fringe Benefits</u>	<u>Central</u> <u>Utilities</u>	<u>Energy</u> <u>Revolving</u>	<u>Information</u> <u>Processing</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$	\$ 5,433,096	\$ 236,261	\$ 89,233	\$
Receivables (net)		1,043,730	1,015,924	102,201	
Due from other funds			1,237,605		3,548,156
Inventories					
Other assets					
Total current assets		<u>6,476,826</u>	<u>2,489,790</u>	<u>191,434</u>	<u>3,548,156</u>
Noncurrent assets:					
Loans receivable				1,022,007	
Capital assets (net)		15,185	694		1,124,742
Total noncurrent assets		<u>15,185</u>	<u>694</u>	<u>1,022,007</u>	<u>1,124,742</u>
Total assets		<u>6,492,011</u>	<u>2,490,484</u>	<u>1,213,441</u>	<u>4,672,898</u>
Liabilities:					
Current liabilities:					
Cash overdraft					2,209,238
Accounts payable		87,209	2,235,350		550,263
Due to other funds	500	2,931,811		38,652	293,882
Loans from the general fund		1,000,000			200,000
Accrued liabilities		349,292	30,360		1,155,733
Obligations under capital leases					111,823
Total current liabilities	<u>500</u>	<u>4,368,312</u>	<u>2,265,710</u>	<u>38,652</u>	<u>4,520,939</u>
Noncurrent liabilities:					
Obligations under capital leases					213,535
Total noncurrent liabilities					<u>213,535</u>
Total liabilities	<u>500</u>	<u>4,368,312</u>	<u>2,265,710</u>	<u>38,652</u>	<u>4,734,474</u>
Net Assets:					
Invested in capital assets, net of related debt		15,185	694		799,384
Restricted for capital expansion					
Unrestricted	(500)	2,108,514	224,080	1,174,789	(860,960)
Total net assets	<u>\$ (500)</u>	<u>\$ 2,123,699</u>	<u>\$ 224,774</u>	<u>\$ 1,174,789</u>	<u>\$ (61,576)</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Internal Service Funds
June 30, 2002

	<u>Central Postage</u>	<u>Centrex</u>	<u>Pastore Communications</u>	<u>Central Pharmacy</u>	<u>Central Laundry</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$	\$ 667,964	\$	\$	\$ 511,619
Receivables (net)			112,837	257,246	
Due from other funds	454,697		63,373	1,471,631	105,509
Inventories	265,631			483,283	108,331
Other assets				476,156	
Total current assets	<u>720,328</u>	<u>667,964</u>	<u>176,210</u>	<u>2,688,316</u>	<u>725,459</u>
Noncurrent assets:					
Loans receivable					
Capital assets (net)		28,014	4,380	1,652	64,347
Total noncurrent assets		<u>28,014</u>	<u>4,380</u>	<u>1,652</u>	<u>64,347</u>
Total assets	<u>720,328</u>	<u>695,978</u>	<u>180,590</u>	<u>2,689,968</u>	<u>789,806</u>
Liabilities:					
Current liabilities:					
Cash overdraft	523,190		164,422	858,294	
Accounts payable	56,636	229,641	116,392	851,085	27,052
Due to other funds	1,507	157,541			
Loans from the general fund				400,000	
Accrued liabilities	2,430	48,815		58,917	34,364
Obligations under capital leases					
Total current liabilities	<u>583,763</u>	<u>435,997</u>	<u>280,814</u>	<u>2,168,296</u>	<u>61,416</u>
Noncurrent liabilities:					
Obligations under capital leases					
Total noncurrent liabilities					
Total liabilities	<u>583,763</u>	<u>435,997</u>	<u>280,814</u>	<u>2,168,296</u>	<u>61,416</u>
Net Assets:					
Invested in capital assets, net of related debt		28,014	4,380	1,652	64,347
Restricted for capital expansion					
Unrestricted	136,565	231,967	(104,604)	520,020	664,043
Total net assets	<u>\$ 136,565</u>	<u>\$ 259,981</u>	<u>\$ (100,224)</u>	<u>\$ 521,672</u>	<u>\$ 728,390</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Internal Service Funds
June 30, 2002

	<u>Automotive Maintenance</u>	<u>Central Warehouse</u>	<u>Correctional Industries</u>	<u>Records Center</u>	<u>Total</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$ 964,468	\$ 874,670	\$	\$ 199,663	\$ 8,976,974
Receivables (net)	43,014		1,625,710	641	4,201,303
Due from other funds	532,573	255,261	2,027,901	97,346	9,794,052
Inventories	143,324	597,684	704,580		2,302,833
Other assets					476,156
Total current assets	<u>1,683,379</u>	<u>1,727,615</u>	<u>4,358,191</u>	<u>297,650</u>	<u>25,751,318</u>
Noncurrent assets:					
Loans receivable					1,022,007
Capital assets (net)	3,131	2,275,628	396,283	6,914	3,920,970
Total noncurrent assets	<u>3,131</u>	<u>2,275,628</u>	<u>396,283</u>	<u>6,914</u>	<u>4,942,977</u>
Total assets	<u>1,686,510</u>	<u>4,003,243</u>	<u>4,754,474</u>	<u>304,564</u>	<u>30,694,295</u>
Liabilities:					
Current liabilities:					
Cash overdraft			769,684		4,524,828
Accounts payable	744,440	381,653	620,111	52,899	5,952,731
Due to other funds					3,423,893
Loans from the general fund	100,000	200,000	850,000	60,000	2,810,000
Accrued liabilities	60,591	146,023	144,905	12,928	2,044,358
Obligations under capital leases					111,823
Total current liabilities	<u>905,031</u>	<u>727,676</u>	<u>2,384,700</u>	<u>125,827</u>	<u>18,867,633</u>
Noncurrent liabilities:					
Obligations under capital leases		942,340			1,155,875
Total noncurrent liabilities		<u>942,340</u>			<u>1,155,875</u>
Total liabilities	<u>905,031</u>	<u>1,670,016</u>	<u>2,384,700</u>	<u>125,827</u>	<u>20,023,508</u>
Net Assets:					
Invested in capital assets, net of related debt	3,131	1,103,289	396,283	6,914	2,423,273
Restricted for capital expansion			347,781		347,781
Unrestricted	778,348	1,229,938	1,625,710	171,823	7,899,733
Total net assets	<u>\$ 781,479</u>	<u>\$ 2,333,227</u>	<u>\$ 2,369,774</u>	<u>\$ 178,737</u>	<u>\$ 10,670,787</u>

(Concluded)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2002

	<u>Federal Surplus Property</u>	<u>Assessed Fringe Benefits</u>	<u>Central Utilities</u>	<u>Energy Revolving</u>	<u>Information Processing</u>	<u>Central Postage</u>	<u>Centrex</u>
Operating revenues:							
Charges for services	\$	\$ 27,053,705	\$ 17,279,817	\$ 4,098	\$ 11,262,016	\$ 4,467,410	\$ 2,385,107
Total operating revenues		27,053,705	17,279,817	4,098	11,262,016	4,467,410	2,385,107
Operating expenses:							
Personal services		1,932,415	261,995		6,649,654	192,518	295,583
Supplies, materials, and services		23,468,081	17,029,097		4,082,754	4,322,078	2,269,035
Depreciation		9,828	464		432,956		6,579
Total operating expenses		25,410,324	17,291,556		11,165,364	4,514,596	2,571,197
Operating income (loss)		1,643,381	(11,739)	4,098	96,652	(47,186)	(186,090)
Nonoperating revenues (expenses):							
Interest revenue							
Interest expense							
Income (loss) before transfers		1,643,381	(11,739)	4,098	96,652	(47,186)	(186,090)
Operating transfers out				(143,154)			
Net income (loss)		1,643,381	(11,739)	(139,056)	96,652	(47,186)	(186,090)
Total net assets, July 1, 2001	(500)	480,318	236,513	1,313,845	(158,228)	183,751	446,071
Total net assets, June 30, 2002	\$ (500)	\$ 2,123,699	\$ 224,774	\$ 1,174,789	\$ (61,576)	\$ 136,565	\$ 259,981

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2002

	<u>Pastore Communications</u>	<u>Central Pharmacy</u>	<u>Central Laundry</u>	<u>Automotive Maintenance</u>	<u>Central Warehouse</u>	<u>Correctional Industries</u>	<u>Records Center</u>	<u>Total</u>
Operating revenues:								
Charges for services	\$ 822,111	\$ 9,021,246	\$ 1,100,214	\$ 11,963,387	\$ 6,212,642	\$ 6,357,644	\$ 972,498	\$ 98,901,895
Total operating revenues	<u>822,111</u>	<u>9,021,246</u>	<u>1,100,214</u>	<u>11,963,387</u>	<u>6,212,642</u>	<u>6,357,644</u>	<u>972,498</u>	<u>98,901,895</u>
Operating expenses:								
Personal services	7,081	322,316	754,165	488,795	844,021	1,276,543	171,156	13,196,242
Supplies, materials, and services	899,026	8,421,029	370,904	11,340,224	4,984,313	4,129,441	692,444	82,008,426
Depreciation	1,251	661	16,454	1,160	157,541	127,655	1,909	756,458
Total operating expenses	<u>907,358</u>	<u>8,744,006</u>	<u>1,141,523</u>	<u>11,830,179</u>	<u>5,985,875</u>	<u>5,533,639</u>	<u>865,509</u>	<u>95,961,126</u>
Operating income (loss)	<u>(85,247)</u>	<u>277,240</u>	<u>(41,309)</u>	<u>133,208</u>	<u>226,767</u>	<u>824,005</u>	<u>106,989</u>	<u>2,940,769</u>
Nonoperating revenues (expenses):								
Interest revenue				12,191		10,282		22,473
Interest expense					(76,344)			(76,344)
Income (loss) before transfers	<u>(85,247)</u>	<u>277,240</u>	<u>(41,309)</u>	<u>145,399</u>	<u>150,423</u>	<u>834,287</u>	<u>106,989</u>	<u>2,886,898</u>
Operating transfers out								<u>(143,154)</u>
Net income (loss)	<u>(85,247)</u>	<u>277,240</u>	<u>(41,309)</u>	<u>145,399</u>	<u>150,423</u>	<u>834,287</u>	<u>106,989</u>	<u>2,743,744</u>
Total net assets, July 1, 2001	<u>(14,977)</u>	<u>244,432</u>	<u>769,699</u>	<u>636,080</u>	<u>2,182,804</u>	<u>1,535,487</u>	<u>71,748</u>	<u>7,927,043</u>
Total net assets, June 30, 2002	<u>\$ (100,224)</u>	<u>\$ 521,672</u>	<u>\$ 728,390</u>	<u>\$ 781,479</u>	<u>\$ 2,333,227</u>	<u>\$ 2,369,774</u>	<u>\$ 178,737</u>	<u>\$ 10,670,787</u>

(Concluded)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2002

	<u>Federal Surplus Property</u>	<u>Assessed Fringe Benefits</u>	<u>Central Utilities</u>
Cash flows from operating activities:			
Cash received from customers	\$	\$ 4,476,784	\$ (3,788,009)
Cash payments to suppliers for goods and services		(18,398,726)	(18,652,061)
Cash payments to employees for services		(7,684,194)	(259,075)
Other operating revenue (expense)		(148,978)	
Net cash provided by (used for) operating activities		<u>(21,755,114)</u>	<u>(22,699,145)</u>
Cash flows from noncapital financing activities:			
Loans from the general fund		28,710,136	35,428,741
Advance to other funds		(916,870)	22,087,437
Repayment of loans to the general fund		(1,459,566)	(35,628,741)
Negative cash balance implicitly financed	500		
Net cash provided by (used for) noncapital financing activities	<u>500</u>	<u>26,333,700</u>	<u>21,887,437</u>
Cash flows from capital and related financing activities:			
Principal paid on capital lease obligations			
Interest paid on capital lease obligations			
Acquisition of capital assets			
Proceeds from disposition of equipment			
Net cash provided by (used for) capital and related financing activities			
Cash flows from investing activities:			
Interest on investments			
Net cash provided by (used for) investing activities			
Net increase (decrease) in cash and cash equivalents	500	4,578,587	(811,708)
Cash and cash equivalents, July 1, 2001	(500)	854,509	1,047,969
Cash and cash equivalents, June 30, 2002	<u>\$</u>	<u>\$ 5,433,096</u>	<u>\$ 236,261</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$	1,643,381	(11,739)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$	\$ 9,828	\$ 464
(Increase) decrease in assets:			
Receivables		(31,949,598)	(66,966,956)
Inventory			
Prepaid items			
Increase (decrease) in liabilities:			
Vouchers and accounts payable		8,497,162	44,276,167
Accrued expenses		44,113	2,919
Total adjustments		<u>(23,398,495)</u>	<u>(22,687,406)</u>
Net cash provided by (used for) operating activities	<u>\$</u>	<u>\$ (21,755,114)</u>	<u>\$ (22,699,145)</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2002

	Energy Revolving	Information Processing	Central Postage
Cash flows from operating activities:			
Cash received from customers	\$ 200,000	\$ 9,352,035	\$ 4,012,713
Cash payments to suppliers for goods and services		(3,986,516)	(4,363,634)
Cash payments to employees for services		(6,539,254)	(190,089)
Other operating revenue (expense)			
Net cash provided by (used for) operating activities	<u>200,000</u>	<u>(1,173,735)</u>	<u>(541,010)</u>
Cash flows from noncapital financing activities:			
Loans from the general fund			
Advance to other funds			
Repayment of loans to the general fund			
Negative cash balance implicitly financed		2,209,238	523,190
Net cash provided by (used for) noncapital financing activities		<u>2,209,238</u>	<u>523,190</u>
Cash flows from capital and related financing activities:			
Principal paid on capital lease obligations		(99,275)	
Interest paid on capital lease obligations			
Acquisition of capital assets		(158,477)	
Proceeds from disposition of equipment		153,868	
Net cash provided by (used for) capital and related financing activities		<u>(103,884)</u>	
Cash flows from investing activities:			
Interest on investments			
Net cash provided by (used for) investing activities			
Net increase (decrease) in cash and cash equivalents	200,000	931,619	(17,820)
Cash and cash equivalents, July 1, 2001	(110,767)	(931,619)	17,820
Cash and cash equivalents, June 30, 2002	<u>\$ 89,233</u>	<u>\$</u>	<u>\$</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	4,098	96,652	(47,186)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$	\$ 432,956	\$
(Increase) decrease in assets:			
Receivables	154,923	(9,721,546)	(4,436,866)
Inventory			(47,123)
Prepaid items			
Increase (decrease) in liabilities:			
Vouchers and accounts payable	40,979	7,907,803	3,987,735
Accrued expenses		110,400	2,430
Total adjustments	<u>195,902</u>	<u>(1,270,387)</u>	<u>(493,824)</u>
Net cash provided by (used for) operating activities	<u>\$ 200,000</u>	<u>\$ (1,173,735)</u>	<u>(541,010)</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2002

	Centrex	Pastore Communications
Cash flows from operating activities:		
Cash received from customers	\$ 2,669,168	\$ 871,698
Cash payments to suppliers for goods and services	(2,267,539)	(1,018,374)
Cash payments to employees for services	(297,304)	(7,081)
Other operating revenue (expense)		
Net cash provided by (used for) operating activities	104,325	(153,757)
Cash flows from noncapital financing activities:		
Loans from the general fund		
Advance to other funds		
Repayment of loans to the general fund		
Negative cash balance implicitly financed		164,422
Net cash provided by (used for) noncapital financing activities		164,422
Cash flows from capital and related financing activities:		
Principal paid on capital lease obligations		
Interest paid on capital lease obligations		
Acquisition of capital assets		
Proceeds from disposition of equipment		
Net cash provided by (used for) capital and related financing activities		
Cash flows from investing activities:		
Interest on investments		
Net cash provided by (used for) investing activities		
Net increase (decrease) in cash and cash equivalents	104,325	10,665
Cash and cash equivalents, July 1, 2001	563,639	(10,665)
Cash and cash equivalents, June 30, 2002	\$ 667,964	\$
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	(186,090)	(85,247)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	\$ 6,579	\$ 1,251
(Increase) decrease in assets:		
Receivables	(2,423,670)	(842,872)
Inventory		
Prepaid items		
Increase (decrease) in liabilities:		
Vouchers and accounts payable	2,709,227	773,111
Accrued expenses	(1,721)	
Total adjustments	290,415	(68,510)
Net cash provided by (used for) operating activities	\$ 104,325	\$ (153,757)

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2002

	Central Pharmacy	Central Laundry
Cash flows from operating activities:		
Cash received from customers	\$ 7,951,565	\$ 994,705
Cash payments to suppliers for goods and services	(7,910,054)	(366,005)
Cash payments to employees for services	(307,845)	(758,268)
Other operating revenue (expense)	(23,844)	
Net cash provided by (used for) operating activities	<u>(290,178)</u>	<u>(129,568)</u>
Cash flows from noncapital financing activities:		
Loans from the general fund		
Advance to other funds		
Repayment of loans to the general fund		
Negative cash balance implicitly financed	858,294	
Net cash provided by (used for) noncapital financing activities	<u>858,294</u>	
Cash flows from capital and related financing activities:		
Principal paid on capital lease obligations		
Interest paid on capital lease obligations		
Acquisition of capital assets		
Proceeds from disposition of equipment		
Net cash provided by (used for) capital and related financing activities		
Cash flows from investing activities:		
Interest on investments		
Net cash provided by (used for) investing activities		
Net increase (decrease) in cash and cash equivalents	568,116	(129,568)
Cash and cash equivalents, July 1, 2001	(568,116)	641,187
Cash and cash equivalents, June 30, 2002	<u>\$</u>	<u>\$ 511,619</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	<u>277,240</u>	<u>(41,309)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	\$ 661	\$ 16,454
(Increase) decrease in assets:		
Receivables	(8,067,732)	(1,158,640)
Inventory	(129,304)	42,221
Prepaid items	23,844	
Increase (decrease) in liabilities:		
Vouchers and accounts payable	7,590,642	1,015,809
Accrued expenses	14,471	(4,103)
Total adjustments	<u>(567,418)</u>	<u>(88,259)</u>
Net cash provided by (used for) operating activities	<u>\$ (290,178)</u>	<u>\$ (129,568)</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2002

	<u>Automotive Maintenance</u>	<u>Central Warehouse</u>	<u>Correctional Industries</u>
Cash flows from operating activities:			
Cash received from customers	\$ 12,463,650	\$ 6,481,657	\$ 4,173,770
Cash payments to suppliers for goods and services	(11,851,095)	(4,691,407)	(4,276,198)
Cash payments to employees for services	(476,874)	(814,672)	(1,244,495)
Other operating revenue (expense)			
Net cash provided by (used for) operating activities	<u>135,681</u>	<u>975,578</u>	<u>(1,346,923)</u>
Cash flows from noncapital financing activities:			
Loans from the general fund	5,430,635		2,750,000
Advance to other funds	(121)		(2,750,000)
Repayment of loans to the general fund	(5,330,635)		
Negative cash balance implicitly financed			769,684
Net cash provided by (used for) noncapital financing activities	<u>99,879</u>		<u>769,684</u>
Cash flows from capital and related financing activities:			
Principal paid on capital lease obligations		(232,040)	(16,632)
Interest paid on capital lease obligations		(76,344)	
Acquisition of capital assets			(56,839)
Proceeds from disposition of equipment			
Net cash provided by (used for) capital and related financing activities		<u>(308,384)</u>	<u>(73,471)</u>
Cash flows from investing activities:			
Interest on investments	12,191		10,282
Net cash provided by (used for) investing activities	<u>12,191</u>		<u>10,282</u>
Net increase (decrease) in cash and cash equivalents	247,751	667,194	(640,428)
Cash and cash equivalents, July 1, 2001	716,717	207,476	640,428
Cash and cash equivalents, June 30, 2002	<u>\$ 964,468</u>	<u>\$ 874,670</u>	<u>\$</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>133,208</u>	<u>226,767</u>	<u>824,005</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 1,160	\$ 157,541	\$ 127,655
(Increase) decrease in assets:			
Receivables	(14,301,293)	(5,673,387)	(7,007,722)
Inventory	(8,072)	148,148	(10,182)
Prepaid items			
Increase (decrease) in liabilities:			
Vouchers and accounts payable	14,298,757	6,087,160	4,687,273
Accrued expenses	11,921	29,349	32,048
Total adjustments	<u>2,473</u>	<u>748,811</u>	<u>(2,170,928)</u>
Net cash provided by (used for) operating activities	<u>\$ 135,681</u>	<u>\$ 975,578</u>	<u>\$ (1,346,923)</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2002

	Records Center	Total
Cash flows from operating activities:		
Cash received from customers	\$ 946,809	\$ 50,806,545
Cash payments to suppliers for goods and services	(710,027)	(78,491,636)
Cash payments to employees for services	(170,078)	(18,749,229)
Other operating revenue (expense)		(172,822)
Net cash provided by (used for) operating activities	66,704	(46,607,142)
Cash flows from noncapital financing activities:		
Loans from the general fund	435,000	72,754,512
Advance to other funds		18,420,446
Repayment of loans to the general fund	(375,000)	(42,793,942)
Negative cash balance implicitly financed		4,525,328
Net cash provided by (used for) noncapital financing activities	60,000	52,906,344
Cash flows from capital and related financing activities:		
Principal paid on capital lease obligations		(347,947)
Interest paid on capital lease obligations		(76,344)
Acquisition of capital assets		(215,316)
Proceeds from disposition of equipment		153,868
Net cash provided by (used for) capital and related financing activities		(485,739)
Cash flows from investing activities:		
Interest on investments		22,473
Net cash provided by (used for) investing activities		22,473
Net increase (decrease) in cash and cash equivalents	126,704	5,835,936
Cash and cash equivalents, July 1, 2001	72,959	3,141,037
Cash and cash equivalents, June 30, 2002	\$ 199,663	\$ 8,976,973
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	106,989	\$ 2,940,769
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	\$ 1,909	\$ 756,458
(Increase) decrease in assets:		
Receivables	(1,026,462)	(153,421,821)
Inventory		(4,312)
Prepaid items		23,844
Increase (decrease) in liabilities:		
Vouchers and accounts payable	983,189	102,855,014
Accrued expenses	1,079	242,906
Total adjustments	(40,285)	(49,547,911)
Net cash provided by (used for) operating activities	\$ 66,704	\$ (46,607,142)

(Concluded)

Pension Trust Funds

Pension Trust Funds – used to report resources that are required to be held in trust for the members and beneficiaries of the State sponsored defined benefit pension plans.

Employees' Retirement System – a multiple-employer, cost-sharing, public employee retirement plan for State employees, teachers and certain employees of local school districts.

State Police Benefit Trust – a single-employer public employee retirement plan for State police hired after July 1, 1987.

Judicial Benefit Trust – a single-employer public employee retirement plan for State judges appointed after December 31, 1989.

Municipal Employees' Retirement System – an agent multiple-employer public employee retirement plan for municipal police, firemen and employees of municipalities, housing authorities and water and sewer districts that have elected to participate.

State of Rhode Island and Providence Plantations
Combining Statement of Plan Net Assets
Pension Trust Funds
June 30, 2002

	Employees' Retirement System	Municipal Employees' Retirement	State Police Retirement Benefits Trust	Judicial Retirement Benefits Trust	Totals
Assets					
Cash and cash equivalents	\$ 4,319,155	\$ 119,480	\$ 217,403	\$ 137,623	\$ 4,793,661
Receivables					
Contributions	22,105,123	3,178,581	601,843	71,737	25,957,284
Due from state for teachers	15,486,158				15,486,158
Due from other plans	690,017	7,624,417	11,257		8,325,691
Miscellaneous	2,356,727	153,160	2,427	1,548	2,513,862
Total receivables	40,638,025	10,956,158	615,527	73,285	52,282,995
Investments, at fair value					
Equity in Short-Term Investment Fund		192,745			192,745
Equity in Pooled Trust	4,677,732,344	694,171,365	13,649,793	8,816,963	5,394,370,465
Plan specific investments	23,071,604				23,071,604
Total investments before lending activities	4,700,803,948	694,364,110	13,649,793	8,816,963	5,417,634,814
Invested securities lending collateral	457,123,111	67,836,534	1,333,843	861,583	527,155,071
Property and equipment, at cost, net of accumulated depreciation					
Line of Business System in Development	10,659,782	1,558,434	22,751	14,638	12,255,605
Computer Equipment	398,671	58,205	785	509	458,170
Total Property and Equipment	11,058,453	1,616,639	23,536	15,147	12,713,775
Total assets	5,213,942,692	774,892,921	15,840,102	9,904,601	6,014,580,316
Liabilities					
Securities lending liability	457,123,111	67,836,534	1,333,843	861,583	527,155,071
Accounts payable	4,215,226	607,415	11,117	7,406	4,841,164
Due to other plans	7,635,674	690,017			8,325,691
Total liabilities	468,974,011	69,133,966	1,344,960	868,989	540,321,926
Net assets held in trust for pension benefits	\$ 4,744,968,681	\$ 705,758,955	\$ 14,495,142	\$ 9,035,612	\$ 5,474,258,390

State of Rhode Island and Providence Plantations
Combining Statement of Changes in Plan Net Assets
Pension Trust Funds
June 30, 2002

	Employees' Retirement System	Municipal Employees' Retirement	State Police Retirement Benefits Trust	Judicial Retirement Benefits Trust	Totals
Additions					
Contributions					
Member contributions	\$ 123,331,860	\$ 17,189,764	\$ 777,566	\$ 415,930	\$ 141,715,120
Employer contributions	77,350,743	7,536,081	2,405,041	1,458,093	88,749,958
State contributions for teachers	30,763,337				30,763,337
Interest on service credits purchased	506,900	39,264			546,164
Total contributions	<u>231,952,840</u>	<u>24,765,109</u>	<u>3,182,607</u>	<u>1,874,023</u>	<u>261,774,579</u>
Investment income					
Net depreciation in fair value of investments	(580,968,521)	(85,650,427)	(1,532,293)	(983,458)	(669,134,699)
Interest	102,208,513	14,906,241	264,192	169,868	117,548,814
Dividends	33,313,674	4,925,530	89,762	57,761	38,386,727
Other investment income	17,133,629	2,529,015	46,118	29,679	19,738,441
	<u>(428,312,705)</u>	<u>(63,289,641)</u>	<u>(1,132,221)</u>	<u>(726,150)</u>	<u>(493,460,717)</u>
Less investment expense	15,590,226	2,303,803	41,234	26,908	17,962,171
Net income from investing activities	<u>(443,902,931)</u>	<u>(65,593,444)</u>	<u>(1,173,455)</u>	<u>(753,058)</u>	<u>(511,422,888)</u>
Securities Lending					
Securities lending income	11,816,332	1,753,530	34,479	22,271	13,626,612
Less securities lending expense	9,557,583	1,418,335	27,888	18,014	11,021,820
Net securities lending income	<u>2,258,749</u>	<u>335,195</u>	<u>6,591</u>	<u>4,257</u>	<u>2,604,792</u>
Total net investment income	<u>(441,644,182)</u>	<u>(65,258,249)</u>	<u>(1,166,864)</u>	<u>(748,801)</u>	<u>(508,818,096)</u>
Total additions	<u>(209,691,342)</u>	<u>(40,493,140)</u>	<u>2,015,743</u>	<u>1,125,222</u>	<u>(247,043,517)</u>
Deductions					
Benefits					
Retirement benefits	301,800,162	30,194,293	48,303	92,136	332,134,894
Cost of living adjustment	72,195,532	3,400,388			75,595,920
SRA Plus (option)	21,332,209	1,278,271			22,610,480
Supplemental benefits	990,597				990,597
Death benefits	2,651,797	598,438			3,250,235
Total benefits	<u>398,970,297</u>	<u>35,471,390</u>	<u>48,303</u>	<u>92,136</u>	<u>434,582,126</u>
Refund of contributions	4,599,751	1,064,306	9,480		5,673,537
Administrative expense	3,448,299	504,099	7,597	4,870	3,964,865
Total deductions	<u>407,018,347</u>	<u>37,039,795</u>	<u>65,380</u>	<u>97,006</u>	<u>444,220,528</u>
Net increase (decrease)	<u>(616,709,689)</u>	<u>(77,532,935)</u>	<u>1,950,363</u>	<u>1,028,216</u>	<u>(691,264,045)</u>
Net assets held in trust for pension benefits					
Beginning of year	5,361,678,370	783,291,890	12,544,779	8,007,396	6,165,522,435
End of year	<u>\$ 4,744,968,681</u>	<u>\$ 705,758,955</u>	<u>\$ 14,495,142</u>	<u>\$ 9,035,612</u>	<u>\$ 5,474,258,390</u>

Agency Funds

Agency Funds – used to report resources held by the State in a purely custodial capacity (assets equal liabilities).

Statutory Deposits – accounts for deposits required from financial institutions, principally insurance companies, doing business within the state.

Court Deposits – accounts for deposits held by various state courts pending resolution of litigation between two or more parties.

State of Rhode Island and Providence Plantations
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2002

Statutory Deposits

Assets	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
Cash and cash equivalents	\$ 4,749,552	\$	\$ 3,047,219	\$ 1,702,333
Investments	53,844,476	15,282,330		69,126,806
Total assets	\$ 58,594,028	\$ 15,282,330	\$ 3,047,219	\$ 70,829,139
Liabilities				
Deposits held for others	\$ 58,594,028	\$ 12,235,111	\$	\$ 70,829,139
Total liabilities	\$ 58,594,028	\$ 12,235,111	\$	\$ 70,829,139

Court Deposits

Assets	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
Cash and cash equivalents	\$ 9,624,061	\$ 3,850,838	\$	\$ 13,474,899
Investments				
Total assets	\$ 9,624,061	\$ 3,850,838	\$	\$ 13,474,899
Liabilities				
Deposits held for others	\$ 9,624,061	\$ 3,850,838	\$	\$ 13,474,899
Total liabilities	\$ 9,624,061	\$ 3,850,838	\$	\$ 13,474,899

Total - All Agency Funds

Assets	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
Cash and cash equivalents	\$ 14,373,613	\$ 3,850,838	\$ 3,047,219	\$ 15,177,232
Investments	53,844,476	15,282,330		69,126,806
Total assets	\$ 68,218,089	\$ 19,133,168	\$ 3,047,219	\$ 84,304,038
Liabilities				
Deposits held for others	\$ 68,218,089	\$ 16,085,949	\$	\$ 84,304,038
Total liabilities	\$ 68,218,089	\$ 16,085,949	\$	\$ 84,304,038

Discretely Presented Component Units

Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) created in order to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the state

Rhode Island Student Loan Authority (RISLA) - created in order to provide a statewide student loan program through the acquisition of student loans.

Rhode Island Turnpike and Bridge Authority (RITBA) - created by the General Assembly as a body corporate and politic, with powers to construct, acquire, maintain and operate bridge projects as defined by law.

Rhode Island Economic Development Corporation (RIEDC) - created in 1995 and its purpose is to promote and encourage the preservation, expansion, and sound development of new and existing industry, business, commerce, agriculture, tourism, and recreational facilities in the state, which will promote economic development. It has the power to issue tax-exempt industrial development bonds to accomplish its corporate purpose.

Narragansett Bay Commission (NBC) - created for the purposes of acquiring, planning, constructing, extending, improving, operating and maintaining publicly owned wastewater treatment facilities.

Rhode Island Health and Educational Building Corporation (RIHEBC) – created to: (1) to assist in providing financing for education facilities for colleges and universities operating in the state; (2) to assist hospitals in the state in the financing of health care facilities; (3) to assist stand-alone, non-profit assisted-living and adult daycare facilities; (4) to assist in financing a broad range of non-profit health care providers; and (5) to assist in financing non-profit secondary schools and child care centers.

Rhode Island Resource Recovery Corporation (RIRRC) created in order to provide and/or coordinate solid waste management services to municipalities and persons within the state. RIRRC has the power to issue negotiable bonds and notes to achieve its corporate.

Rhode Island Depositors Economic Protection Corporation (DEPCO) created to assist in protecting the interests of depositors of certain financial institutions in the state which had been closed when their private deposit insurer failed, thereby leaving those institutions without deposit insurance as required by statute.

Rhode Island Higher Education Assistance Authority (RIHEAA) - created by law in 1977 for the dual purpose of guaranteeing loans to students in eligible institutions and administering other programs of post secondary student.

Discretely Presented Component Units

Rhode Island Public Transit Authority (RIPTA) created to acquire any mass motor bus transportation system if that system has previously filed a petition to discontinue its service and further, if RIPTA determines it is in the public interest to continue such.

Rhode Island Industrial Facilities Corporation (RIIFC) - created to issue revenue bonds, construction loan notes and equipment acquisition notes for the financing of projects which further industrial development in the state.

Rhode Island Clean Water Finance Agency (RICWFA) created for the purpose of providing financial assistance in the form of loans to municipalities, sewer commissions and waste water management districts in the state for the construction or upgrading of water pollution abatement projects.

Rhode Island Industrial-Recreational Building Authority (RIIRBA) created to insure first mortgages and first security agreements granted by financial institutions and the Rhode Island Industrial Facilities Corporation for companies conducting business in the.

Rhode Island Water Resources Board Corporate (RIWRBC) - created to foster and guide the development of water resources including the establishment of water supply facilities and lease these facilities to cities, towns, districts, and other municipal, quasi-municipal or private corporations engaged in the water supply business in the.

Rhode Island Public Telecommunications Authority (RIPTCA) – created to operate a non-commercial educational television station in the state.

Rhode Island Children's Crusade for Higher Education (RICCHE) - created for the purpose of fostering the education of economically disadvantaged youth through scholarship awards, summer jobs programs, and mentoring programs for parents and students.

Tobacco Settlement Financing Corporation (TFSC) - created to securitize the tobacco settlement revenues from the state.

University of Rhode Island (URI), Rhode Island College (RIC) and Community College of Rhode Island (CCRI) – collectively these three institutions are the higher education system of the State.

Central Falls School District (CFSD) – created to provide elementary and secondary education to residents of the City of Central Falls.

For more detailed information, contact the applicable administration office as listed on pages 38 to 41.

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Component Units
June 30, 2002
(Expressed in Thousands)

	<u>RIHMFC</u>	<u>RISLA</u>	<u>RITBA</u>	<u>RIEDC</u>	<u>NBC</u>	<u>RIHEBC</u>
Assets						
Current Assets:						
Cash and cash equivalents	\$ 212,459	\$ 75,656	\$ 4,981	\$ 81,918	\$ 21,777	\$ 522
Investments	577,163	85,740				8,113
Receivables (net)	1,208,274	63,766	311	9,383	11,700	542
Due from primary government				585	17	
Due from other governments				8,778		
Inventories						
Other assets	511	1,001	199	349	135	21
Rentals due						
Total current assets	<u>1,998,407</u>	<u>226,163</u>	<u>5,491</u>	<u>101,013</u>	<u>33,629</u>	<u>9,198</u>
Noncurrent Assets:						
Investments			34,406	39,376		
Receivables (net)		630,526	37	46,904		1,290
Capital assets - nondepreciable			6,799	77,291	80,371	
Capital assets - depreciable (net)		702	46,424	259,633	183,542	8
Rentals due						
Other assets, net of amortization	40,376	4,165	351	6,149	2,408	
Total noncurrent assets	<u>40,376</u>	<u>635,393</u>	<u>88,017</u>	<u>429,353</u>	<u>266,321</u>	<u>1,298</u>
Total assets	<u>2,038,783</u>	<u>861,556</u>	<u>93,508</u>	<u>530,366</u>	<u>299,950</u>	<u>10,496</u>
Liabilities						
Current liabilities:						
Cash overdraft		161				
Accounts payable			1,228	12,393	10,016	84
Due to primary government						
Due to (from) other component units				(668)		
Due to other governments		1,906				
Accrued liabilities	43,568	2,642	525	3,478	3,418	28
Deferred revenue		509	810		867	
Other liabilities			115			
Current portion of long-term debt	112,163	2,570	1,590	8,325	5,693	
Total current liabilities	<u>155,731</u>	<u>7,788</u>	<u>4,268</u>	<u>23,528</u>	<u>19,994</u>	<u>112</u>
Noncurrent liabilities:						
Due to primary government						
Due to other governments						
Accrued liabilities		19,272		5,056	272	
Deferred revenue	846					
Notes payable	4,000			301		
Loans payable					72,089	
Obligations under capital leases				24,836	179	
Escrow deposits	183,672					
Other liabilities			1,665			
Compensated absences						
Bonds payable	1,453,876	779,835	35,650	248,591	13,119	
Total noncurrent liabilities	<u>1,642,394</u>	<u>799,107</u>	<u>37,315</u>	<u>278,784</u>	<u>85,659</u>	<u></u>
Total liabilities	<u>1,798,125</u>	<u>806,895</u>	<u>41,583</u>	<u>302,312</u>	<u>105,653</u>	<u>112</u>
Net assets						
Invested in capital assets, net of related debt	16,876	702	14,203	140,168	172,560	8
Restricted for debt service	205,741	51,898	5,515	64,122	45	
Unrestricted	18,041	2,061	32,207	23,764	21,692	10,376
Total net assets	<u>\$ 240,658</u>	<u>\$ 54,661</u>	<u>\$ 51,925</u>	<u>\$ 228,054</u>	<u>\$ 194,297</u>	<u>\$ 10,384</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Component Units
June 30, 2002
(Expressed in Thousands)

	<u>RIRRC</u>	<u>DEPCO</u>	<u>RIHEAA</u>	<u>RIPTA</u>	<u>RIIFC</u>	<u>RICWFA</u>
Assets						
Current Assets:						
Cash and cash equivalents	\$ 5,007	\$ 1,883	\$ 3,193	\$ 7,298	\$ 1,161	\$ 48,159
Investments	10,821		250			146,471
Receivables (net)	5,868	27	26	1,094	18	16,066
Due from primary government				2,461		
Due from other governments			643	4,639		
Inventories				1,719		
Other assets	1,673	7,196	25	205		114
Rentals due						
Total current assets	<u>23,369</u>	<u>9,106</u>	<u>4,137</u>	<u>17,416</u>	<u>1,179</u>	<u>210,810</u>
Noncurrent Assets:						
Investments	5,159		9,609			
Receivables (net)			579			214,630
Capital assets - nondepreciable	17,550		194	20,143		
Capital assets - depreciable (net)	53,474		1,228	73,583		31
Rentals due						
Other assets, net of amortization	57,735					2,933
Total noncurrent assets	<u>133,918</u>		<u>11,610</u>	<u>93,726</u>		<u>217,594</u>
Total assets	<u>157,287</u>	<u>9,106</u>	<u>15,747</u>	<u>111,142</u>	<u>1,179</u>	<u>428,404</u>
Liabilities						
Current liabilities:						
Cash overdraft						
Accounts payable	5,820		339	6,658	10	6,166
Due to primary government				500		
Due to (from) other component units					552	
Due to other governments			206			
Accrued liabilities	1,695	251	25	3,302		2,917
Deferred revenue				30		
Other liabilities		215		17		
Current portion of long-term debt	590					7,105
Total current liabilities	<u>8,105</u>	<u>466</u>	<u>570</u>	<u>10,507</u>	<u>562</u>	<u>16,188</u>
Noncurrent liabilities:						
Due to primary government				647		
Due to other governments			410			
Accrued liabilities			297	7,023		1,056
Deferred revenue				234		
Notes payable						
Loans payable						
Obligations under capital leases						
Escrow deposits						
Other liabilities	49,096					67
Compensated absences						
Bonds payable	19,355					196,040
Total noncurrent liabilities	<u>68,451</u>		<u>707</u>	<u>7,904</u>		<u>197,163</u>
Total liabilities	<u>76,556</u>	<u>466</u>	<u>1,277</u>	<u>18,411</u>	<u>562</u>	<u>213,351</u>
Net assets						
Invested in capital assets, net of related debt	51,485		1,422	93,726		31
Restricted for debt service	(8,294)	8,640	8,234			210,774
Unrestricted	37,540		4,814	(995)	617	4,248
Total net assets	<u>\$ 80,731</u>	<u>\$ 8,640</u>	<u>\$ 14,470</u>	<u>\$ 92,731</u>	<u>\$ 617</u>	<u>\$ 215,053</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Component Units
June 30, 2002
(Expressed in Thousands)

	<u>RIIRBA</u>	<u>RIWRBC</u>	<u>RIPTCA</u>	<u>RICCHE</u>	<u>TFSC</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 3,381	\$ 2,258	\$ 489	\$ 1,811	\$
Investments		2,968	1,378	9,273	108,070
Receivables (net)	23	318	41	692	
Due from primary government		76			
Due from other governments					
Inventories			14		
Other assets	8	118	2	47,972	545,524
Rentals due		755			
Total current assets	<u>3,412</u>	<u>6,493</u>	<u>1,924</u>	<u>59,748</u>	<u>653,594</u>
Noncurrent Assets:					
Investments		2,658			
Receivables (net)					
Capital assets - nondepreciable	181		821		
Capital assets - depreciable (net)	439		3,636	90	
Rentals due		6,345			
Other assets, net of amortization		926	319		33,108
Total noncurrent assets	<u>620</u>	<u>9,929</u>	<u>4,776</u>	<u>90</u>	<u>33,108</u>
Total assets	<u>4,032</u>	<u>16,422</u>	<u>6,700</u>	<u>59,838</u>	<u>686,702</u>
Liabilities					
Current liabilities:					
Cash overdraft					
Accounts payable		2	55	451	
Due to primary government		1,144	5		
Due to (from) other component units	116				
Due to other governments					
Accrued liabilities		262	197		
Deferred revenue		797	4		
Other liabilities	1,649	361		2,285	
Current portion of long-term debt		1,295	528		
Total current liabilities	<u>1,765</u>	<u>3,861</u>	<u>789</u>	<u>2,736</u>	
Noncurrent liabilities:					
Due to primary government					
Due to other governments					
Accrued liabilities					
Deferred revenue					
Notes payable					
Loans payable					
Obligations under capital leases			5,253		
Escrow deposits					
Other liabilities		37		62,408	
Compensated absences			250		
Bonds payable		14,050			685,390
Total noncurrent liabilities		<u>14,087</u>	<u>5,503</u>	<u>62,408</u>	<u>685,390</u>
Total liabilities	<u>1,765</u>	<u>17,948</u>	<u>6,292</u>	<u>65,144</u>	<u>685,390</u>
Net assets					
Invested in capital assets, net of related debt	620		(1,324)	90	
Restricted for debt service		(2,121)			1,312
Unrestricted	1,647	595	1,732	(5,396)	
Total net assets	<u>\$ 2,267</u>	<u>\$ (1,526)</u>	<u>\$ 408</u>	<u>\$ (5,306)</u>	<u>\$ 1,312</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Net Assets
Component Units
June 30, 2002
(Expressed in Thousands)

	<u>URI</u>	<u>RIC</u>	<u>CCRI</u>	<u>CFSD</u>	<u>Totals</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 33,757	\$ 7,575	\$ 5,433	\$ 6,561	\$ 525,279
Investments					950,247
Receivables (net)	16,879	5,920	2,101	104	1,343,153
Due from primary government				1,336	4,475
Due from other governments					14,060
Inventories	3,698	497	710		6,638
Other assets			381	1	605,435
Rentals due					755
Total current assets	<u>54,334</u>	<u>13,992</u>	<u>8,625</u>	<u>8,002</u>	<u>3,450,042</u>
Noncurrent Assets:					
Investments					91,208
Receivables (net)	11,475	4,195			909,636
Capital assets - nondepreciable	74,621	2,441	1,985		282,397
Capital assets - depreciable (net)	152,698	48,089	33,969	1,296	858,842
Rentals due					6,345
Other assets, net of amortization	9,949	5,579	711		164,709
Total noncurrent assets	<u>248,743</u>	<u>60,304</u>	<u>36,665</u>	<u>1,296</u>	<u>2,313,137</u>
Total assets	<u>303,077</u>	<u>74,296</u>	<u>45,290</u>	<u>9,298</u>	<u>5,763,179</u>
Liabilities					
Current liabilities:					
Cash overdraft				212	373
Accounts payable	27,594	6,688	2,673	1,235	81,412
Due to primary government			1,144		2,793
Due to (from) other component units					
Due to other governments					2,112
Accrued liabilities				2,171	64,479
Deferred revenue	10,326	1,774	1,087		16,204
Other liabilities	761	2,022	327	13	7,765
Current portion of long-term debt	2,640	3,195	2,226	99	148,019
Total current liabilities	<u>41,321</u>	<u>13,679</u>	<u>7,457</u>	<u>3,730</u>	<u>323,157</u>
Noncurrent liabilities:					
Due to primary government					647
Due to other governments		4,076			4,486
Accrued liabilities					32,976
Deferred revenue					1,080
Notes payable		2,167			6,468
Loans payable	684		312		73,085
Obligations under capital leases	15,176	275	1,863		47,582
Escrow deposits					183,672
Other liabilities	10,080				123,353
Compensated absences	15,032	2,407	3,496	1,334	22,519
Bonds payable	85,273	12,817	3,656		3,547,652
Total noncurrent liabilities	<u>126,245</u>	<u>21,742</u>	<u>9,327</u>	<u>1,334</u>	<u>4,043,520</u>
Total liabilities	<u>167,566</u>	<u>35,421</u>	<u>16,784</u>	<u>5,064</u>	<u>4,366,677</u>
Net assets					
Invested in capital assets, net of related debt	124,188	33,999	32,255	1,286	682,295
Restricted for debt service	12,543	8,202	821	1,331	568,763
Unrestricted	(1,222)	(3,326)	(4,570)	1,617	145,442
Total net assets	<u>\$ 135,509</u>	<u>\$ 38,875</u>	<u>\$ 28,506</u>	<u>\$ 4,234</u>	<u>\$ 1,396,500</u>

(Concluded)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes Fund Net Assets
Component Units
June 30, 2002
(Expressed in Thousands)

	<u>RIHMFC</u>	<u>RISLA</u>	<u>RITBA</u>	<u>RIEDC</u>	<u>NBC</u>	<u>RIHEBC</u>
Operating revenues:						
Charges for services	\$ 4,675	\$	\$ 11,758	\$ 45,173	\$ 34,966	\$ 1,172
Interest income on loans	85,565	41,799				119
Interest on investments	29,267					
Other operating income	733					
Total operating revenues	<u>120,240</u>	<u>41,799</u>	<u>11,758</u>	<u>45,173</u>	<u>34,966</u>	<u>1,291</u>
Operating expenses:						
Personal services	9,207	1,652	1,461	17,473	13,373	229
Supplies, materials, and services	5,460	3,756	1,816	16,962	10,579	741
Interest expense	87,292	19,038				
Grants, scholarships and contract programs				1,767		
Depreciation, depletion and amortization	2,818	614	962	14,961	5,849	3
Other operating expenses	6,935	13,923	437	5,653		
Total operating expenses	<u>111,712</u>	<u>38,983</u>	<u>4,676</u>	<u>56,816</u>	<u>29,801</u>	<u>973</u>
Operating income (loss)	<u>8,528</u>	<u>2,816</u>	<u>7,082</u>	<u>(11,643)</u>	<u>5,165</u>	<u>318</u>
Nonoperating revenues (expenses):						
Interest revenue		3,684	2,402	4,999	245	187
Grants				(7,910)	1,133	
Operating transfers in from primary government				13,058		
Operating transfers out to primary government						
Gain (loss) on sale of property			7	(234)		
Interest expense			(1,922)	(14,104)	(2,878)	
Net increase (decrease) in fair value of investments	1,237	(4)				
Other nonoperating revenue (expenses)			116	12,835	611	
Total nonoperating revenue (expenses)	<u>1,237</u>	<u>3,680</u>	<u>603</u>	<u>8,644</u>	<u>(889)</u>	<u>187</u>
Income (loss) before contributions	9,765	6,496	7,685	(2,999)	4,276	505
Capital contributions- primary government				11,856	9,064	
Capital contributions - other						
Extraordinary items	(2,790)					
Change in net assets	<u>6,975</u>	<u>6,496</u>	<u>7,685</u>	<u>8,857</u>	<u>13,340</u>	<u>505</u>
Total net assets - beginning (restated)	<u>233,683</u>	<u>48,165</u>	<u>44,240</u>	<u>219,197</u>	<u>180,957</u>	<u>9,879</u>
Total net assets - ending	<u>\$ 240,658</u>	<u>\$ 54,661</u>	<u>\$ 51,925</u>	<u>\$ 228,054</u>	<u>\$ 194,297</u>	<u>\$ 10,384</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes Fund Net Assets
Component Units
June 30, 2002
(Expressed in Thousands)

	<u>RIRRC</u>	<u>DEPCO</u>	<u>RIHEAA</u>	<u>RIPTA</u>	<u>RIIFC</u>
Operating revenues:					
Charges for services	\$ 51,343	\$	\$ 8,342	\$ 12,653	\$ 177
Interest income on loans					
Interest on investments					
Other operating income	1,299	7,422	471		
Total operating revenues	<u>52,642</u>	<u>7,422</u>	<u>8,813</u>	<u>12,653</u>	<u>177</u>
Operating expenses:					
Personal services	10,870	442	2,381	40,961	
Supplies, materials, and services	17,559	352	3,111	18,031	33
Interest expense					
Grants, scholarships and contract programs	1,278		6,722		
Depreciation, depletion and amortization	11,369		203	6,854	
Other operating expenses	8,649	186	109		
Total operating expenses	<u>49,725</u>	<u>980</u>	<u>12,526</u>	<u>65,846</u>	<u>33</u>
Operating income (loss)	<u>2,917</u>	<u>6,442</u>	<u>(3,713)</u>	<u>(53,193)</u>	<u>144</u>
Nonoperating revenues (expenses):					
Interest revenue	386	271	441	156	8
Grants				14,348	
Operating transfers in from primary government			6,951	29,053	
Operating transfers out to primary government	(3,000)	(17,509)		(783)	
Gain (loss) on sale of property	109			(100)	
Interest expense	(389)		(6)	(6)	
Net increase (decrease) in fair value of investments					
Other nonoperating revenue (expenses)			358	4,145	
Total nonoperating revenue (expenses)	<u>(2,894)</u>	<u>(17,238)</u>	<u>7,744</u>	<u>46,813</u>	<u>8</u>
Income (loss) before contributions	23	(10,796)	4,031	(6,380)	152
Capital contributions- primary government				23,942	
Capital contributions - other					
Extraordinary items					
Change in net assets	<u>23</u>	<u>(10,796)</u>	<u>4,031</u>	<u>17,562</u>	<u>152</u>
Total net assets - beginning (restated)	<u>80,708</u>	<u>19,436</u>	<u>10,439</u>	<u>75,169</u>	<u>465</u>
Total net assets - ending	<u>\$ 80,731</u>	<u>\$ 8,640</u>	<u>\$ 14,470</u>	<u>\$ 92,731</u>	<u>\$ 617</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes Fund Net Assets
Component Units
June 30, 2002
(Expressed in Thousands)

	<u>RICWFA</u>	<u>RIIRBC</u>	<u>RIWRBC</u>	<u>RIPTCA</u>	<u>RICCHE</u>	<u>TFSC</u>
Operating revenues:						
Charges for services	\$ 1,058	\$ 160	\$ 1,645	\$ 895	\$	\$
Interest income on loans	13,960					
Interest on investments					295	
Other operating income	1,319	83		1,298	3,018	
Total operating revenues	<u>16,337</u>	<u>243</u>	<u>1,645</u>	<u>2,193</u>	<u>3,313</u>	
Operating expenses:						
Personal services	295			1,946	2,659	
Supplies, materials, and services	1,720	55	17	1,299	1,230	
Interest expense	9,512					
Grants, scholarships and contract programs					3,492	
Depreciation, depletion and amortization	101	14	113	717	51	
Other operating expenses		93			17	
Total operating expenses	<u>11,628</u>	<u>162</u>	<u>130</u>	<u>3,962</u>	<u>7,449</u>	
Operating income (loss)	<u>4,709</u>	<u>81</u>	<u>1,515</u>	<u>(1,769)</u>	<u>(4,136)</u>	
Nonoperating revenues (expenses):						
Interest revenue		73	330			1,312
Grants	19,269		(156)			
Operating transfers in from primary government	62,610			1,158	1,752	
Operating transfers out to primary government						
Gain (loss) on sale of property						
Interest expense			(853)	(281)		
Net increase (decrease) in fair value of investments			32	(213)		
Other nonoperating revenue (expenses)				758	(5,747)	
Total nonoperating revenue (expenses)	<u>81,879</u>	<u>73</u>	<u>(647)</u>	<u>1,422</u>	<u>(3,995)</u>	<u>1,312</u>
Income (loss) before contributions	86,588	154	868	(347)	(8,131)	1,312
Capital contributions- primary government						
Capital contributions - other						
Extraordinary items						
Change in net assets	<u>86,588</u>	<u>154</u>	<u>868</u>	<u>(347)</u>	<u>(8,131)</u>	<u>1,312</u>
Total net assets - beginning (restated)	128,465	2,113	(2,394)	755	2,825	
Total net assets - ending	<u>\$ 215,053</u>	<u>\$ 2,267</u>	<u>\$ (1,526)</u>	<u>\$ 408</u>	<u>\$ (5,306)</u>	<u>\$ 1,312</u>

(Continued)

State of Rhode Island and Providence Plantations
Combining Statement of Revenues, Expenses, and Changes Fund Net Assets
Component Units
June 30, 2002
(Expressed in Thousands)

	URI	RIC	CCRI	CFSD	Totals
Operating revenues:					
Charges for services	\$ 114,707	\$ 34,789	\$ 24,265	\$ 1,349	\$ 349,127
Interest income on loans					141,443
Interest on investments				131	29,693
Other operating income	72,824	11,086	10,262	6,177	115,992
Total operating revenues	<u>187,531</u>	<u>45,875</u>	<u>34,527</u>	<u>7,657</u>	<u>636,255</u>
Operating expenses:					
Personal services	197,933	66,441	54,917	37,590	459,830
Supplies, materials, and services	60,189	14,390	13,896	1,427	172,623
Interest expense					115,842
Grants, scholarships and contract programs		3,774	5,456		22,489
Depreciation, depletion and amortization	9,943	4,993	2,275	93	61,933
Other operating expenses	9,190				45,192
Total operating expenses	<u>277,255</u>	<u>89,598</u>	<u>76,544</u>	<u>39,110</u>	<u>877,909</u>
Operating income (loss)	<u>(89,724)</u>	<u>(43,723)</u>	<u>(42,017)</u>	<u>(31,453)</u>	<u>(241,654)</u>
Nonoperating revenues (expenses):					
Interest revenue					14,494
Grants					26,684
Operating transfers in from primary government	84,267	43,583	40,743	33,274	316,449
Operating transfers out to primary government	(2,642)	(818)	(27)		(24,779)
Gain (loss) on sale of property					(218)
Interest expense	(1,664)	(24)	(254)		(22,381)
Net increase (decrease) in fair value of investments	2,566				3,618
Other nonoperating revenue (expenses)	9,057	401	136	27	22,697
Total nonoperating revenue (expenses)	<u>91,584</u>	<u>43,142</u>	<u>40,598</u>	<u>33,301</u>	<u>336,564</u>
Income (loss) before contributions	1,860	(581)	(1,419)	1,848	94,910
Capital contributions- primary government	24,015	6,748	3,201		78,826
Capital contributions - other	6,642	596			7,238
Extraordinary items					(2,790)
Change in net assets	<u>32,517</u>	<u>6,763</u>	<u>1,782</u>	<u>1,848</u>	<u>178,184</u>
Total net assets - beginning (restated)	<u>102,992</u>	<u>32,112</u>	<u>26,724</u>	<u>2,386</u>	<u>1,218,316</u>
Total net assets - ending	<u>\$ 135,509</u>	<u>\$ 38,875</u>	<u>\$ 28,506</u>	<u>\$ 4,234</u>	<u>\$ 1,396,500</u>

(Concluded)

STATISTICAL SECTION

State of Rhode Island and Providence Plantations
Revenues by Source and Expenditures by Function
All Governmental Fund Types

Last Ten Fiscal Years
(Expressed in thousands)

Revenues by Source	2002	2001	2000	1999	1998
Taxes	\$ 2,181,956	\$ 2,282,436	\$ 2,082,906	\$ 1,919,008	\$ 1,851,224
Licenses, fines, sales and services	198,737	216,843	183,753	175,925	169,496
Departmental restricted revenues	79,840	77,339	114,462	107,208	119,561
Federal grants	1,487,126	1,416,685	1,257,203	1,215,433	1,079,633
Income from investments	9,814	24,592	19,270	20,426	17,568
Other revenues	60,688	53,565	36,631	32,657	32,113
Total revenues	\$ 4,018,161	\$ 4,071,460	\$ 3,694,225	\$ 3,470,657	\$ 3,269,595

Expenditures by Function	2002	2001	2000	1999	1998
Current:					
General government	\$ 428,884	\$ 267,920	\$ 222,125	\$ 211,525	\$ 227,620
Human services	2,103,198	2,077,462	1,880,477	1,761,940	1,644,950
Education	92,035	63,324	59,869	43,723	43,222
Public safety	288,363	279,626	257,625	246,057	233,031
Natural resources	64,568	56,483	52,450	54,729	46,568
Transportation	122,208	53,390	45,368	43,660	32,934
Capital outlay	203,729	234,221	229,678	227,573	145,846
Intergovernmental	896,800	856,770	765,670	684,890	591,766
Debt service	165,660	155,409	150,191	125,062	123,086
Total expenditures	\$ 4,365,445	\$ 4,044,605	\$ 3,663,453	\$ 3,399,159	\$ 3,089,023

(Continued)

State of Rhode Island and Providence Plantations
Revenues by Source and Expenditures by Function
All Governmental Fund Types

Last Ten Fiscal Years
(Expressed in thousands)

Revenues by Source	1997	1996	1995	1994	1993
Taxes	\$ 1,686,265	\$ 1,584,277	\$ 1,533,559	\$ 1,496,371	\$ 1,453,390
Licenses, fines, sales and services	179,634	173,736	182,646	154,629	186,477
Departmental restricted revenues	91,317	92,854	135,687	157,677	189,732
Federal grants	1,082,058	1,009,558	1,009,331	948,495	927,712
Income from investments	11,658	12,118	14,542	4,634	5,743
Other revenues	23,793	19,966	15,766	15,559	10,769
Total revenues	\$ 3,074,725	\$ 2,892,509	\$ 2,891,531	\$ 2,777,365	\$ 2,773,823

Expenditures by Function	1997	1996	1995	1994	1993
Current:					
General government	\$ 198,800	\$ 197,233	\$ 247,873	\$ 307,216	\$ 240,489
Human services	1,596,517	1,539,547	1,438,725	1,333,235	1,397,913
Education	39,877	33,415	62,328	61,151	73,459
Public safety	215,939	211,777	196,174	129,623	126,294
Natural resources	43,532	39,000	50,061	48,249	25,405
Transportation	33,275	43,391	37,560	44,674	93,163
Capital outlay	138,758	148,942	247,579	243,829	201,298
Intergovernmental	561,001	535,455	494,819	430,549	434,380
Debt service	115,358	107,870	108,658	97,701	100,305
Total expenditures	\$ 2,943,057	\$ 2,856,630	\$ 2,883,777	\$ 2,696,227	\$ 2,692,706

State of Rhode Island and Providence Plantations
Ratio of Annual Debt Service to General Expenditures

Last Ten Fiscal Years
(Expressed in thousands)

Fiscal Year	Debt Service (Principal and Interest)	Total General Expenditures	Ratio
2002	\$ 157,133	\$ 3,900,240	4.03%
2001	155,409	4,044,605	3.84%
2000	150,191	3,663,453	4.10%
1999	125,062	3,399,159	3.68%
1998	123,086	3,089,023	3.98%
1997	115,358	2,943,057	3.92%
1996	107,870	2,856,630	3.78%
1995	108,658	2,883,777	3.77%
1994	97,701	2,696,227	3.62%
1993	100,305	2,692,706	3.73%

State of Rhode Island and Providence Plantations
General Obligation Debt Per Capita

Last Ten Fiscal Years
(Expressed in thousands except per capita)

Fiscal Year	Rhode Island Population	General Obligation Bonds Outstanding	G.O. Debt per Capita
2002	1,070	827,057	772.95
2001	1,059	1,035,400	977.71
2000	1,048	1,078,614	1,029.21
1999	991	998,961	1,008.03
1998	988	990,772	1,002.81
1997	987	1,015,506	1,028.88
1996	988	991,786	1,003.83
1995	989	987,367	998.35
1994	993	986,249	993.20
1993	998	855,203	856.92

Source : Population - U.S. Department of Commerce, Bureau of the Census

State of Rhode Island and Providence Plantations
Schedule of the Largest Private Employers in 2002

Rank	Employer	Employed	Primary Business Activity
1	Lifespan	10,036	Hospital
2	Care New England	5,720	Hospital
3	CVS Corporation	5,655	Drug Stores
4	Stop & Shop Supermarket Co., Inc.	4,500	Grocery Store
5	Brown University	4,450	University
6	Royal Bank of Scotland	4,100	Bank
7	CVS Corporation	5,655	Drug Stores
8	Fleet Financial Group, Inc.	3,958	Bank
9	The Jan Companies	3,000	Restaurants
10	General Dynamics Corp	2,075	Ship Building

Source: *Rhode Island Economic Development Corporation.*
Some employers are not listed because they did not wish to participate.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
SCHEDULE OF MISCELLANEOUS STATISTICS

Adoption of Constitution	<u>November 5, 1842</u>
Land area (square miles)	<u>1,545</u>
Miles of state highway	<u>5,978</u>
State Police Protection:	
Number of stations	<u>5</u>
Number of officers	<u>213</u>
Higher Education:	
Number of institutions	<u>13</u>
Number of educators	<u>4,600</u>
Number of students	<u>77,417</u>
Recreation:	
Number of state parks, beaches, bike paths	<u>21</u>
Area of state parks, beaches (acres)	<u>13,289</u>
Length of bike paths (miles)	<u>32</u>
Area of state-owned forests (square miles)	<u>63</u>
Percent of state covered with forest (all ownership)	<u>55%</u>

Sources: *Rhode Island State Police Annual Report. Office of Higher Education. Rhode Island Almanac. Rhode Island Department of Environmental Management, Division of Parks and Recreation and Division of Forest Environment.*

State of Rhode Island and Providence Plantations
Schedule of Personal Income and Per Capita Personal Income
1992 Through 2001

	Personal Income				Per Capita Personal Income			
	<i>(in millions)</i>				<i>(in dollars)</i>			
	United States		Rhode Island		United States		Rhode Island	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
2001	\$ 8,677.5	4.4%	\$ 32.1	4.9%	\$ 30,413	3.3%	\$ 30,256	3.8%
2000	8,312.3	6.8%	30.6	5.2%	29,451	3.2%	29,158	(0.7%)
1999	7,783.1	5.4%	29.1	5.1%	28,542	4.5%	29,377	4.9%
1998	7,383.7	6.6%	27.7	9.1%	27,322	5.6%	28,012	5.2%
1997	6,928.6	6.0%	25.4	2.4%	25,874	5.0%	26,631	6.0%
1996	6,538.2	5.6%	24.8	4.2%	24,651	4.6%	25,123	4.5%
1995	6,192.2	5.3%	23.8	5.3%	23,562	4.3%	24,046	5.6%
1994	5,878.4	5.0%	22.6	2.3%	22,581	4.0%	22,762	2.8%
1993	5,598.5	4.1%	22.1	3.8%	21,718	3.0%	22,137	4.1%
1992	5,376.5	6.1%	21.3	4.4%	21,082	4.9%	21,257	4.4%

State of Rhode Island and Providence Plantations
Schedule of Economic Indicators
1992 Trough 2001

	Civilian Labor Force		Unemployment Rate		Home Sales	
	<i>(in thousands)</i>		Rate	Percent Change	Number of Sales	Percent Change
	Number in Labor Force	Percent Change				
2001	504	(0.2)%	4.7%	14.6%	21,700	11.3%
2000	505	0.2%	4.1%	0.0%	19,500	(5.8)%
1999	504	1.2%	4.1%	(16.3)%	20,700	22.5%
1998	498	(1.4)%	4.9%	(7.5)%	16,900	17.4%
1997	505	1.8%	5.3%	3.9%	14,400	21.0%
1996	496	2.3%	5.1%	(27.1)%	11,900	0.0%
1995	485	(2.4)%	7.0%	(1.4)%	11,900	2.6%
1994	497	(2.9)%	7.1%	(9.0)%	11,600	5.5%
1993	512	(1.7)%	7.8%	(13.3)%	11,000	10.0%
1992	521	1.8%	9.0%	4.7%	10,000	28.2%

Sources: US Department of Commerce, Bureau of Economic Analysis. US Department of Labor. Federal Reserve Bank of Boston, Rhode Island Economic Development Corporation.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

SCHEDULE OF ECONOMIC INDICATORS

1992 THROUGH 2001

	<u>Civilian Labor Force</u> <i>(in thousands)</i>		<u>Unemployment Rate</u>		<u>Home Sales</u>	
	<u>Number in Labor Force</u>	<u>Percent Change</u>	<u>Rate</u>	<u>Percent Change</u>	<u>Number of Sales</u>	<u>Percent Change</u>
2001	504	(0.2)%	4.7%	14.6%	21,700	11.3%
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